



# Disputes:

How to Fix the Problem Before It's a Problem

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## How to Fix the Problem Before It's a Problem

As B2B commerce becomes more digitized and remote payments more prevalent, A/R teams need to develop robust and efficient ways to deal with returns and invoicing disputes.



### Why?

**Because how you handle disputes is a major driving factor influencing return customers and clients. For example, in the retail sector, *over 70% of customers* say that a positive return/dispute experience influences their decision to continue shopping at the company in question.**

**Additionally, during peak holiday shopping season, nearly 30% of sales are disputed or returned, and dispute management can burn up to 30% of the total order to cash benefit.**

Therefore, if a business wants to have repeat clients, they need to have a well-planned and customer-oriented dispute process.

## Knowing the Root Cause Mitigates Dispute Recurrence

While disputes are inevitable, knowing the root causes for a dispute can help a company mitigate the number of occurrences from happening – effectively solving the problem at the source. Some of the most common reasons are:

### 1. Pricing

Unexpected charges, fees, or anything else that results in a price different from what the buyer expected can result in a dispute. The easiest way to mitigate this issue is to have clear and constant communication with the client, and to explain every charge and fee before they see the invoice. If a customer knows about a fee beforehand, they are much more likely to pay it without having a negative view towards the business. The moment they see an unexpected charge, however, it can be hard to win back their trust and return business.

### 2. Quality

People often interpret this type of dispute as a discrepancy between how the product is advertised and the actual deliverable. While this is true, quality disputes may also occur due to shipping damages and can be mitigated by ensuring proper care and protection when packaging a product for transportation.

### 3. Administrative Mistakes

Nothing lowers one's credibility more easily than a lack of attention to detail. Accidental charges, typos in pricing, double charges, missing or incorrect documents are all common, but avoidable, mistakes that can lead to unnecessary headaches for both the business and the customer. If mistakes like these happen on more than one occasion, rest assured the customer will begin rethinking their loyalty.

### 4. Payment Terms

For orders that involve options such as partial payments, payment plans, or credits can cause confusion regarding the terms and result in disputes. These disputes can be mitigated through a careful effort to clearly communicate and convey payment terms so the customer is not surprised or given cause to dispute anything they do not understand.

### 5. Missing Items

There is no feeling quite like the letdown one gets when their long awaited delivery finally arrives, only to find that something they were looking forward to comes up missing. This can be especially frustrating for customers when it is something needed in the short term, such as food delivery. Attention to detail and proper checks at every step of the order process can help reduce the number of incorrect orders and missing items.

### 6. Order Changes

According to Murphy's law, the customer is always right... and the customer is always changing their mind last minute. Sometimes, order changes are missed and do not make it onto the invoice, resulting in a discrepancy that needs to be fixed. Dynamic and flexible teams can help a business keep up with changing customer demands. If you know beforehand that an invoice will not be updated in time when a client makes a change, giving them advanced notice before they see the invoice can help reduce customer frustration.

**While disputes can be anticipated and mitigated, they are bound to occur for any business. When they happen, a quick and friendly resolution ensures minimal damage to a company's reputation, revenue, and resource cost.**

# Easy Five-Step Resolution Process

Any dispute management process should include the following steps:



## 1. Recommendation and Approval

In forming a recommendation for resolution, be sure to take into account all potential outcomes. If your recommendation is that the dispute is invalid and a refund should not be conducted, what impact will that have on your customer's return or public image? Can the order be written off without too much negative impact? Is a partial repayment possible? After forming the recommendation, bring it to the proper levels for approval and issuance.

## 2. Prioritization

Some businesses resolve disputes in chronological order. Others may have a system that sorts disputes from high-priority to low based on the discrepancy, ease of resolution, client type, etc. The important thing is that some sort of prioritization system is established and functioning. Think about what type of prioritization makes sense for your business and implement it.

## 3. Research

Gather as much background information and documentation as possible—delivery receipts, payment confirmations, bills of lading, etc. to determine the origin of the dispute. Additionally, listen attentively to the customer's explanations and concerns in order to understand the issue from their perspective. Understanding the origin of the dispute will also help determine which organizations and teams need to be included in the resolution.

## 4. Customer Follow-up and Closeout

Ensure the customer has a say in the proposed resolution. Are they willing to accept the terms? Or will they dispute even the recommended resolution? Mutual acceptance and customer satisfaction is incredibly important to keep the company reputation untarnished. Once a mutual agreement is reached, be sure to finish documentation and close out the issue in your record keeping and check that it is synced with the billing system so that the proper refunds or credits are applied.

## 5. Receipt and documentation

Always record and document any dispute into a database for tracking and archiving. Lack of documentation can result in compounding future headaches if record of an order is needed in the future.

**Disputes happen, and they will be happening far more often as the world moves into a more digital and contactless age of purchasing. However, disputes don't have to negatively impact your business. When handled properly with a smooth process, costs can be minimized and the whole situation can even help your public image rather than hurt it.**

**After all, everyone loves a business that is friendly and quick to solve problems.**