



Refining the A/R Focus During a Crisis

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Our current business environment is in turmoil. During difficult times like this, it is critical for Accounts Receivable teams to identify opportunities to stabilize both their business and customer relationships. Vendors and customers need to work together to ensure that immediate priorities are met while preparing for the “New Normal” of the future business environment.

Aside from their employees’ well being, companies are most concerned about their customer relationships and cash flow, two areas that rely heavily on effective Accounts Receivable policies and processes. Below, we provide guidance and actions that A/R teams can use today to meet growing demands and increasing risks, while maintaining strong business relationships.

TO HELP A/R TEAMS PREPARE TO MEET TODAY’S UNIQUE CHALLENGE, WE SUGGEST A 3-STEP ACTION PLAN.

FIRST, enable as many collection options as possible. These options should include:

- Credit card acceptance
- Extended credit terms
- Payment plans on ACH, credit cards, or checks; weekly, bi-weekly or monthly frequency
- Deferred payment plans with a near-term start date
- Combination of credit card acceptance for current balances and payment plans for new orders

SECOND, sort customers into groups based on current purchasing behavior:

- Stopped purchasing – most critical
- Decreased purchasing – critical
- Purchasing near-normal levels – least critical



THIRD, customize collection campaigns for each of your customer groups.

Collection campaigns will likely be dynamic, beginning with a single option, such as credit card acceptance, and evolving into a combination of options like credit card acceptance and a payment plan, based on changing circumstances.

The key is to be as flexible as possible while minimizing bad debt risk. Moreover, to be most effective, the A/R process should have a certain level of automation, especially for payment plans, but these strategies can also work in a paper-based, manual environment.

1 Customers that have stopped purchasing

It is important to analyze the businesses of those customers that have stopped purchases and are indicating late payments on outstanding invoices.

If it appears that demand for their goods or services will be negatively impacted by a prolonged crisis, it is imperative to collect as much as possible, as soon as possible. Allowing credit card payments provides you with immediate cash flow without the credit risk, and the customer time to recover.

- Allow credit card payments for outstanding balances
- Create custom Payment Plans based on check, credit card, or ACH
- Consider extending start dates of payment plans for the most stable customers
- Allow return of any unused products for credit
- Identify receivables to be placed with collection agencies
- Be empathic and express a strong desire to maintain a great relationship

2 Customers that have decreased purchasing

These businesses offer products and services that are needed, but whose purchase can be put off for periods of time. They are likely running at a lower capacity and need to preserve cash on-hand to meet payroll. Accepting credit cards for outstanding invoices combined with payment plans for new orders will provide immediate cash flow, mitigate bad debt risk, and build goodwill that may result in increased future revenue.

- Allow credit card payments for outstanding balances
- Create custom payment plans for new orders
- Consider extending start dates of Payment Plans
- Allow return of any unused products for credit
- Check in often to measure changes to business stability

3 Customers that are purchasing at near-normal levels

These are the most stable customers whose business has been spared, for one reason or another, from the widespread downturn in consumer spending due to community lockdowns. As the most healthy part of your business, it is important to remove any hurdles that may keep these liquid customers from paying you on time.

- Allow credit card payments for outstanding balances
- Extend payment terms
- Accept partial payments
- Create custom payment plans to fit customer circumstances
- Check in often to maintain a great relationship

With each collection strategy, recognizing that individual customers may have different or extenuating circumstances is important for success. A willingness to quickly understand, adapt, and work with your customer through these (and other) initiatives will improve cash flow, limit risk, and create strong, long-term relationships.

Billfire™ VALET is the Ideal Accounts Receivable Automation Solution.

As the most intuitive invoice-to-cash solution, VALET eliminates all payment friction to deliver faster payments, increased efficiencies, and improved customer relationships. Accelerate your cash flow today with Billfire™ VALET.

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