

# 10 tips to manage invoice-to-cash for your plumbing and HVAC company

The plumbing and HVAC industry exists in a period of both growth and adversity. The development of smart technologies, inflation-fueled price increases, and a historic rise in mergers and acquisitions have created tremendous opportunities in the industry.



Revenue is at an all time high, but with an increasing volume of payments arriving in various forms, unique problems emerge. Delayed payments, credit card fees, and outdated invoice and dispute management practices all come at a cost and eat away your time. And these challenges will probably not go away entirely in one fell swoop.

The good news is that you can start taking steps to handle all these problems in a more efficient manner, one that ultimately doesn't need to be a drag on your resources - including your precious time. If you are able to do just that, your business will streamline these processes and optimize cash flow.

At Billtrust we have worked with over 160 plumbing and HVAC companies. So what can you do now to stay competitive as a plumbing and HVAC company?

## 1. Streamline and future proof your invoice process

The invoice is the most important document in the entire invoice-to-cash cycle, ensuring that it is generated, presented, and delivered in a fully compliant manner can really help to improve your cash flow and improve satisfaction levels with all customers.

A paper-based invoicing process isn't the best way to do business as a growing company. But even when you ditch paper and send invoices through email, it doesn't mean you've been futureproofed.

According to the [Business Payments Coalition](#) (BPC), even though 25% of invoices are sent electronically in the U.S. market, few of them can be considered actual e-invoices. A PDF attached to an email can hardly be considered an e-invoice. It contains no structured data, meaning buyers have to manually key in all the invoice information into their system in order to kickstart the processing.

Electronic invoices have been around for 30 years, using electronic data interchange (EDI) and XML formats. Businesses saw that electronic invoicing brought in a range of easy benefits: a reduction in resources (paper, postage, overheads), the introduction of automation for document presentation and delivery, improved delivery rates, faster lines of communication, and more.

More recently, the main driver behind e-invoicing adoption has come at the government level. Governments, particularly in Europe, are mandating the use of electronic invoicing for all business-to-government (B2G) transactions, and, in a rising number of cases, B2B transactions. Over 100 countries are already mandating electronic invoicing in one form or another, with more on the way.

While e-invoicing hasn't yet made its way into every country's tax system, plumbing and HVAC businesses participating in the global economy will be affected. They will need to be prepared for a world driven by real-time compliance and mandatory e-invoicing.

These **government mandates** don't make things easier for suppliers - not only because of the sheer number of them worldwide, but also because they differ and because it's not easy to obtain information on what kinds of mandates exist country-by-country.

Many companies are ill-equipped or -prepared for such an undertaking. Developing individual connections to B2B & B2G invoice networks is an extremely time-consuming, complex, and costly process. As more and more of these platforms are created, so the complication grows.

Partnering with a service provider that is experienced with building channel connections and offers an extensive, [global compliance service](#), with established

connections to countries across multiple continents, would be a wise move for many international businesses to consider. Such a partnership would relieve them of a heavy IT project and alleviate many of the costs involved in setting up and maintaining such connections.

---

## 2. Solve AP portal management

In a recent [Perspective by CRF](#), Billtrust's Mitch Rose talked about another type of mandate: **buyer mandates**. These mandates come directly from the buyers, in the form of accounts payable (AP) portals.

The [rise of these buyer portals](#), or procure-to-pay portals, has made getting paid more complicated for plumbing and HVAC companies. For vendors and suppliers, these portals have added an unwelcome level of complexity and labor to the B2B payments process. AR teams need to maintain login credentials to dozens of portals, follow complex invoicing rules for each customer, then return to those portals again and again to check on payment statuses and download remittances.

Suppliers need to realize that when you're registered with these AP portals, the entire invoicing and payment process gets expedited. Invoices no longer need to undergo a manual intake and review process that slows down payments.

Faced with the need to integrate with AP portals, more plumbing and HVAC companies are joining digital B2B payment networks. Joining these networks will reap enormous savings by reducing labor, time, and human error, while ensuring compliance.

---

## 3. Maximize straight-through processing

Digital payments arrive from multiple channels like ACH, wire and [\(virtual\) credit cards](#). These payments are becoming more complex and labor-intensive to process for your AR department.

Take virtual credit card payments for example. These 3rd party card payments are one of the fastest growing payment methods in B2B. They are the preferred payment method for today's mid-large

buyers due to the additional days to pay, the rewards/rebates, and the inclusion of complete remittance details.

But credit card payments are usually sent via email and you need to find a way to cut **manual processing** of these emailed payments. Until you can correlate the funds in your bank account with the remittance data you've received, your clients will feel the squeeze on their credit line.

Automating these payments, and **capturing the remittance** when the invoice is paid, should result in a clean remittance file, fully reconciled to your payments and ready to ingest into your system of record or ERP. The level of cash application automation should enable your staff to improve straight-through processing, increase accuracy and shorten the time needed to apply cash.

---

## 4. Add surcharging to offset credit card payments

More and more buyers have started using credit cards. Their success makes sense. Employees can use credit cards



to buy their supplies without them having access to the company's accounts. Companies can earn cashbacks or points for purchases, and pay for some cards interest rates as low as zero percent.

In order to accept credit card payments, you as a seller must pay 1.5 to 3.5% fees. The more credit card payments you receive, the more these interchange fees add up.

By **implementing surcharges**, you can counter these expenses and reduce the cost and complexity of customers making credit card payments. Surcharges can be a legitimate way to recover some of the money lost in processing credit card payments.

When deciding to accept credit card payments with a surcharging program, you must be confident that you have the tools to notify and communicate with your customers and the card issuers.

---

## 5. Give customers access to invoices and payments

Make sure that customers can pay as easily and efficiently as possible. When you establish a billing and payments portal, you're not only giving your customers the ability to **easily view and pay their invoices**, you're also creating a system where you control how your buyers pay.

You give your customers a positive payment experience that empowers them to schedule payments easily, view payment history, modify or dispute a charge, and export these files for their own use.

One example is offering a payment option on the invoice or payment reminder. This can be done via a payment link or

a QR code, which allows customers to pay via an app on their smartphone.

You can also create payment rules that **reward faster payment**. For example, you can make it a rule to accept credit card payments within ten days of invoice delivery. Your buyers that want to use credit cards will be incentivized to pay faster and you'll realize benefits that offset the cost of credit card acceptance.

---

## 6. Stay on top of collections

The less money outstanding, the better the flow will be. One way to achieve this is by sending reminders once an invoice becomes overdue.

You can choose to send payment reminders out manually but following up is a time-consuming process. Outdated, manual collections cause issues such as aging invoices, possible service interruptions, bad debt, and increased write-offs.

It's better to have an automatic solution in place so you can track more easily which customers owe you money and you can take regular follow-up actions on a particular customer until their debts are paid off.

---

## 7. Handle disputes the right way

A dispute is often the reason why invoices are not paid. Quickly resolving discrepancies that would lead to late payments protects your company from future disputes.

That's why it is best to find a solution to a dispute as quickly as possible. Invoices that have been open for too long are

undesirable for a company for a number of reasons, if only because they provide a higher days sales outstanding (DSO).

Disputes also have repercussions for other aspects of business operations. For example, customer satisfaction can decrease, and teams' workload increases within the company. A dispute with a particular customer can put all the other payments from that same customer on hold.

It therefore makes sense to **deal with disputes in a smarter way**, through dispute management. By approaching disputes in an orderly and systematic way, you will increase the probability that outstanding invoices are paid quickly. Dispute management should ideally form part of your invoice to cash process.

---

## 8. Keep track of how much money your customers owe you at all times

This might seem like a no-brainer, but it's essential to have a **clear picture of your accounts receivable** at all times. This information will help you make informed decisions about chasing down late payments and offer payment terms that are fair to both parties.

In a smart AR solution, a lot of things are already automatically logged and tracked. However, it is also convenient to keep adding notes manually. A lot of things can come up, especially in personal conversations. With the help of such notes, all employees will be informed, and better conclusions can be drawn afterwards.

---

## 9. Every conversation counts

Communication with your customers is key.

**Improve the customer experience** with personalized formats, languages, and a recommended ideal time to communicate.

For example, thoughtful templates allow you to address customers in their own language and vary the tone of communication based on numerous variables, such as company size, type, sector, and corporate culture.

These communication messages should be tailored according to the communication channel used. After all, a letter, a registered letter, an email, or text messages all require specific communication.

---

## 10. Check the financial health of customers

A **sound acceptance policy** can eliminate many problems. Various external sources can be used to find out the financial health and creditworthiness of a company you are dealing with, making you better able to assess the risk.

However, it is also worthwhile engaging in **continuous risk management** for existing customers by regularly reviewing credit scores and other external trading information. This gives you insight into your customers' potential risk exposure and keeps you constantly up to date with their risk profile – based on current figures and formulas.

For bad payers, it may be advisable to set stricter payment terms. For example, asking for a prepayment or payment in advance and emphasizing the payment term in every communication.

An **automated credit application** for your customers, and decisioning and management tools for your business, can take your risk management to the next level.

---

## Why optimize your invoice-to-cash processes?

Proper management of your business' accounts receivable avoids cash flow or collections issues.

If all your stakeholders agree there are areas for improvement in your AR processes and you found out the pain points for your teams and your customers, you have the opportunity to create state-of-the-art AR processes that improve your bottom line, increase employee and customer satisfaction and build brand reputation in your industry.

The automated, digital invoicing and payment solutions provided by Billtrust check all the boxes for your plumbing and HVAC company and your customers. These solutions allow you to enhance payment acceptance flexibility across every touchpoint within the AR process.

Learn more at [billtrust.com](https://www.billtrust.com). [Contact sales](#) | [Our locations](#)