

# Why a world-class organization requires a world-class collections process

Innovation is transforming the order-to-cash process in the B2B space. From delivering invoices to applying cash, each step of the process has undergone a dedicated transformation that is bringing B2B transactions closer to achieving the seamless and effortless experience of their B2C counterparts. However, one area has been conspicuously absent from this focus: collections.



With [90% of American B2B](#) professionals reporting late payments by customers and an overall increase in days sales outstanding (DSO) among the top U.S. businesses, collections has begun to draw renewed attention. And for good reason. Collections is tied to one of the most important parts of any business: cash flow. And with poor cash flow's ability to lead to the insidious demise of any company, reimagining the collections process is something every organization should be looking to do.

To put it simply, elevating the role of collections is critical to achieving world-class status. With the shift towards digitization, the increased demands of today's consumers, and the need to better manage cash flow, an outdated collections status will preclude you from leadership status.

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## Treating collections teams like sales teams

Collections professionals are often overlooked because they are forced into a reactive and uncomfortable role. In reality, collections professionals are very similar to the much more heralded sales team. At a high level, collections, like sales, is responsible for bringing money into the organization. And when it comes to processes, collections teams think through accounts just the way salespeople do. However, collections teams generally lack the technology and support that sales teams have to execute their workflows strategically.

Today's sales teams, for example, have the technology tools needed to determine things like the highest probability of prospects to convert, the best time to contact buyers, the best way to contact them and so on. With these types of workflow tools, collections teams can take a much more strategic approach. After all, the best time to collect is not when the invoice is past due. With automation and machine learning, collections can reach out to customers at the

right time and avoid unnecessarily friction-filled interactions that are more likely to occur the longer a payment is outstanding.

Equipping a collections team with the right tools can take a company's order-to-cash process to the next level. The right tools enable collections teams to upgrade their workflow approach by:

- Focusing teams on customer relationships
- Helping teams prioritize work time efficiently
- Providing insight/control over policies and touchpoints
- Simplifying/automating contact management
- Boosting individual and team member productivity

In addition, the right tools can help companies expand communications and repayment options and tailor options to the needs of their B2B customers. Machine learning software solutions, for example, can help companies analyze successful collections calls and generate predictive models and scoring algorithms that can predict the likelihood of a buyer to pay.

The right tools can also provide flexible payment options. Offering flexible payment options ensures that a lack of payment choices isn't responsible for increasing your company's DSO.

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## Cashing in on Collections Technology

Using technology to streamline and automate the collections process delivers numerous benefits, including:

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### Increasing efficiency and productivity

Traditional collections processes are cumbersome, complicated and time-consuming. The more time that goes by, the less likely companies are to collect payment on debts in full. Automating collections streamlines and simplifies the process. That, in turn, boosts your team's efficiency and productivity while easing the strain on your collections team and the resources you've devoted to the process.

Automating the collections process can boost efficiency and productivity by helping businesses:

- Create prescribed payment policies, which can queue up the next steps and all relevant account details for team members. That, in turn, ensures the right mix of tone and frequency when contacting companies, boosting the team's ability to make a positive financial impact on your company's profitability.
- Eliminate the manual and administrative processes associated with traditional collections efforts. Email templates and scripts stored within a system, for instance, can automatically update information on specific account details. So, these details are both accurate and current when sent to companies.

Simplifying the collections process using the right tech tools also reduces overdue receivables and risk while helping maintain good customer relationships.

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### Boosting existing cash flow

When B2B companies fail to collect debts, they struggle to pay their financial obligations. That, in turn, hurts a company's chances of surviving. And since accounts receivable (AR) is often the largest item on a company's balance sheet, a hiccup in cash flow makes a powerful impact on a company.

What slows cash flow the most for companies? [Studies](#) have shown that one-third of businesses say the biggest impact on cash flow is getting paid by clients on time. Automating collections can help reduce these challenges dramatically.

Freeing up receivables through faster cash flow gives organizations funds that they can re-invest in the business. Companies need to ask themselves two questions about cash flow. Are we managing our free cash as best we can? Is the risk we're taking upfront impacting the back end of our processes? Then act accordingly based on their answers.

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### Enhancing customer experiences

Customer experience isn't a marketing buzzword. It's a powerful business strategy. Companies like Venmo, Square and PayPal succeed by delivering remarkable customer experiences with the help of innovations in data mining and technologies. Given today's more demanding buyers boosting customer experiences can increase loyalty and encourage repeat business—a strategy often employed by world-class companies.

Automating collections, for example, can bolster customer experiences by [personalizing payment processes](#) specifically to individual needs and preferences. It also strengthens relationships by improving communication between B2B companies and their customers. That eliminates a key reason why collections teams exist—making up for missed expectations on the part of customers.

Cash flow is the lifeblood of a B2B company. Poor cash flow, on the other hand, can prevent B2B companies from meeting their financial obligations, limit profitability, and inhibit growth. Elevating the role of collections not only contributes to the financial health of a company in a more efficient way, but also to the company's overall customer experience, both critical pieces of attaining the world-class status needed to compete in today's hotly contested business environment.

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