



The Strategic Value of Billing Best Practices:
Achieving Billing Wellness

The bill presentment and payment process is an often overlooked and under-leveraged opportunity to drive business efficiency, increase cash flow, enhance profitability and make—or break—customer relationships.

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Companies that approach billing with strategic goals in mind gain considerable advantage over those that do not. It is certainly important for a business to recognize, and focus on reducing the costs involved in the billing process—the cost of people, material, equipment, IT time and, of course, postage. However, as part of a 21st century billing strategy, companies should look beyond just the operational aspects of billing. Companies should be exploring the specialized knowledge, experience and technology required to offer a world-class billing system that gives them strategic advantage over their competition. In essence, a billing strategy that allows a company to achieve optimal billing functionality and maximum business impact, or what we call Billing Wellness.

Through in-depth interviews with companies that have recently transformed their approaches to billing this white paper examines the opportunity to create strategic value from the “simple” process of billing.

The Many Values of Billing Wellness

Think about your company’s bills. Then ask yourself some questions.

- Are your invoices well designed? Do they create clarity, eliminate customer confusion and reduce time to payment?
- How rapidly are your bills delivered, either through the mail or, better yet, through email or web-based systems?
- Can you in fact cut days—even many days—from invoice delivery and payment? How might that enhance your access to working capital?
- How accurate and error-free are your bills? Do errors and unnecessary back-and-forth frustrate customers and freeze payables?
- How does your billing process stack up to your competitors? Are you making it easy for your customers to do business with you? Do you have an opportunity to create a strategic advantage?
- Do you have a growing population of customers receiving invoices online and paying electronically?



Businesses can transform their billing processes so that they have answers to these questions. In the words of Kathy Lamb, CIO of Ames Taping Tools, an industry leading provider of drywall finishing tools, supplies and training, “a comprehensive billing process revolutionized the way we deliver bills.”

Many financial managers describe strategic advantages that come from better billing. Some emphasize that they enjoy significantly enhanced customer service, others focus on the personalized messaging they use to upsell their customers, and some stress how they use billing to foster brand loyalty. Further, many businesses discuss the linkage between a strategic billing process and their corporate “green” initiatives.

Clarity, Choice—and Speed-To-Cash

Topping the list of value-creating billing strategies are activities that speed cash flow such as bill design, offering a range of electronic bill delivery options, and offering electronic channels for accepting payment.

A well-designed bill should be easy for customers to understand, reduce the number of calls to your customer service department and help you get paid quickly. Rob Hollenbach, Director of Shared Services for IDEXX Laboratories, a global market leader in diagnostics and information technology solutions for animal health, had this to say about the relationship between bill design and IDEXX customers: “As part of our outsourcing process, we redesigned our bills. We received a lot of feedback from customers that our new bills were easier for them to follow and we saw a reduction in the amount of billing inquiries we were receiving.”

Another key area that drives speed-to-cash is electronic billing. Across B2B and B2C companies, optimized, paper delivery of invoices and statements is no longer sufficient. Modern billing systems require multiple electronic options—EDI, email, fax and online—for delivery of bills as well as for payment. A key advantage of electronic delivery is that it virtually eliminates bill delivery time to customers—helping the cash get in the door sooner.

That speed has made a difference for Thos. Somerville Co., a Mid-Atlantic distributor of plumbing, heating and air conditioning supplies, which is sending 56% of its bills electronically. Pete Misiewicz, Vice President of IT at Thos. Somerville, explains that, “Because many of our customers now receive their invoices electronically, conversations about invoice disputes now occur a week earlier, meaning they are resolved sooner.”

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Before Ames Taping Tools outsourced its billing, customers complained about receiving their bills too slowly. Their mailing house was in South Carolina but its biggest concentration of large customers was in California. Their customers were frustrated that they could not take advantage of early payment discounts because they were not receiving their bills in a timely manner. The Ames credit group used to manually print bills for their key accounts and fax/email them to their customers so they could take advantage of the discounts. These types of hidden manual processes exist across many organizations today.

With Ames' new billing system, the company is mailing its invoices and statements from multiple locations across the U.S. and Canada, speeding mail delivery time by 2-3 days. Further, Ames has started to migrate its customers to electronic delivery eliminating the mail time from the equation altogether.

Billing—Improved Customer Satisfaction

To achieve Billing Wellness a billing system should make available the same web-based archival and retrieval system both to customers and to call center personnel to securely research, view and print any invoice or statement.

IDEXX's Hollenbach explains, "Our electronic billing platform allows our customer service reps to call up a document that's identical to what our customers see online or get in the mail. So if the customer calls in with questions, they are looking at the same thing."

The best billing systems also let customers manage and research their own invoices with the same easy-to-use web-based tools. PUMA North America, the "sportlifestyle" apparel company, provides online tools that let their customers search for invoices by purchase order or invoice number, view exact replicas of the paper bill, sort bills by key criteria and download, print and pay them. Brian Good, PUMA's Senior Manager of Credit and Accounts Receivable, talks about how PUMA leverages its web billing channel with its customers: "We are selling e-billing as an improvement in our customer service. We point out to customers that they can see their bills online, without calling us or waiting for the bill to arrive in the mail."

Even better, online delivery channels not only create loyal customers—they also reduce customer service costs. Ed Guadagno, Director of Credit & Collections for East Coast Metal Distributors, a provider of HVAC equipment and supplies to contractors, describes this linkage: "The more customers have access to their invoices online, the less calls we get for copies and reprints."

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Thos. Somerville emails invoices as PDF files and attaches a “flat” file with the same information that customers can download into their own accounting system. Misiewicz has emphasized the role a feature like this plays in driving customer satisfaction: “Providing customers with the ability to download their invoices into an accounting system, like QuickBooks, has eliminated a ton of keying for them. Now, these customers are super-loyal because we helped them become more efficient in their own business.”

Personalized Marketing & Digital Signatures

A strategic billing system should support the addition of targeted marketing messages to bills, allowing a business to personalize communication with their customers.

PUMA, for example, prints the name of the analyst responsible for each customer account, along with their phone number, fax number and e-mail address, directly on each customer bill, enhancing self-service with personalized customer service—but only when the customer feels the need.

East Coast Metal Distributors also uses bill marketing to send customized messages. They often send individualized messages to different branches and regions. For example, to promote that they are now accepting recycling in Georgia, they put that message on the appropriate bills.

Another strategic benefit of a modifiable document is the ability to overlay digital “proof of delivery” signatures on bills. In a strong economy, many companies found that proof of delivery was not a priority. But, as Ames Taping Tools discovered, “When the market went down customers wanted to know who rented a tool or made a purchase. We had to jump through a lot of hoops to retrieve the signatures captured at our stores and send them to the customer,” Lamb says. Today, signature capture is integrated into Ames invoices.

Making It Easier Being ‘Green’

More businesses across many different markets have begun incorporating eco-friendly factors into their strategic plans. The focus on “green” is becoming universal. Below are some quotes that are reflective of this trend and how it relates to the billing process:

“Our customers are very concerned as a group about green issues. So the ability to do things online such as billing is definitely something they appreciate.” Rob Hollenbach, Director of Shared Services for IDEXX Laboratories.



“There is a continuum of green initiatives within the HVAC business community, whether it has to do with more efficient air conditioners and heaters, or recycling. Certainly the delivery of invoices online and via email are green initiatives.” Ed Guadagno, Director of Credit & Collections for East Coast Metal Distributors.

“PUMA is very committed to reducing our footprint by minimizing the effect we have on the environment. Anything we can do to reduce paper usage is important, and e-billing certainly supports that.” Brian Good, PUMA Senior Manager of Credit and Accounts Receivable.

Leveraging a Strategic Billing Partner

More and more companies are recognizing the importance of approaching their billing strategically and are turning to experts. Often, companies do not recognize the opportunity that exists. Brian Good at PUMA puts it best, “We thought, why should we pay someone to do something that we could do ourselves? But the cost to develop, rollout and maintain the kind of system we wanted ultimately didn’t make sense. We concluded that we didn’t want to reinvent the wheel. Billing outsourcers can do these functions well because they do them so many times.”

Guadagno, of East Coast Metal Distributors, made the decision to outsource even though, he says, “we expected our overall postage expense to be a wash.” After the switch, however, “we found significant savings with our postage expense as well as the other benefits we received. Our outsourcer did this by managing the overall process better than we did.” Importantly, “By outsourcing it, people who were involved in the process were freed up, immediately. It freed up my time and our IT resources. So there has been a real higher-level benefit to us by outsourcing billing.”

Conclusion

Far from being a mundane business process, billing has the potential to be a strategic linchpin of your business. If done right, it represents an opportunity for increased cash flow, improved customer satisfaction, real movement on the path to corporate sustainability and, of course, measurable cost reduction. Those are the benefits of strategic billing practices. Those are the results of Billing Wellness.