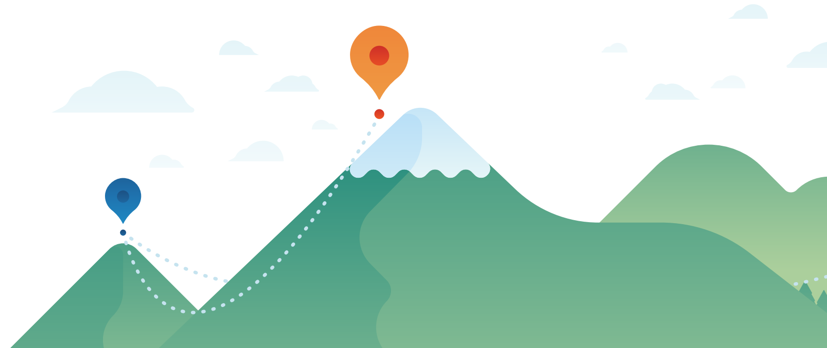
Paystand

The A/R Field Guide

Creating an Informed Strategy for Payments

Contents

What we'll be covering



CHAPTER 1

Introduction

When it comes to payments, is your accounts receivable (A/R) department stuck in the Dark Ages?

Your day-to-day might include some (or all) of the following:

- Customers can pay invoices only on your terms using mailed paper checks and phoned-in payments.
- Your A/R staff hemorrhages time accepting, processing, and reconciling payments.
- Your business pays high, unpredictable credit card fees each month.
- The average invoice doesn't get paid fast enough to meet cash flow requirements.

If these issues resonate, it's time to start thinking about a revolution in digital payments for your business. But hold on: before you get started, key business stakeholders must have the total payments picture. That includes how payments function today and what the possibilities are for the future - both for legacy payment forms and truly digitized payment options.

Here's a set of recommendations that will inform all things payments - before you make any decisions.

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CHAPTER 2

Define your goals for the business's payment processes

You've decided your business needs a more modern payments strategy because there's a problem - or maybe even multiple problems. Taking those problems and thinking about what the solutions could be will give you a better understanding of what you hope to achieve. Here are just a few of the most common problems in the payments arena:

STAGGERING PAYMENT FEES

The cost of paper checks (ranging from $4 to $31 per check) and/or exorbitant credit card processing fees could be a strain on the business. What can you do to eliminate transaction costs?

HIGH MANUAL EFFORT

A/R staff could be spending massive amounts of time processing payments, correcting errors, and talking to customers on the phone. How can you eliminate the bulk of this manual work?

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POOR CUSTOMER EXPERIENCE

Customers may be frustrated that they have to spend extra time mailing in a check or calling to correct an invoice error. What can you do to remove points of friction?

IMPAIRED A/R METRICS

Your business may experience wide-ranging impacts from slow or lost payments. How could you erase these payment gaps?

There could be other problem areas that are specific to your business - and that's ok. What's important is to understand them and tie them back to business goals. In this case the accompanying goals would be cost reduction, time savings, better customer experience, and improved A/R metrics. With these goals in mind, you can make sure any proposed changes to payments are closely aligned.

CHAPTER 3

Understand how your business processes payments today

If you've invested the time in thinking through these challenges, you're probably ready to toss those manual processes and bring in time-saving automation - ASAP. However, it's critical to have a 360-degree view of how the business is currently taking payments. Without that knowledge, you might miss out on problems that could be solved through fully digitized payments. Gather up the following inputs for a broader understanding:

FIND OUT HOW KEY STAKEHOLDERS USE EACH PAYMENT OPTION.

It's really important to know who interacts with payments - and how - in order to consider the total impact of changing your payments structure. For each payment method and processing option, which employees have the ability to process payments? A/R clerks may be the only ones processing paper checks while customer service reps can process credit card payments and wire transfers.

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GO THROUGH YOUR LIST OF PAYMENT METHODS & RECORD ALL THE PROCESSING OPTIONS.

This means understanding how your business processes each type of payment. For checks, you might accept them via snail mail, in-person, and online in the form of an eCheck. Cash could be in-person only and wire transfers could be online-only. Whatever the case, make sure you have a record of how each payment type is accepted.

MAKE A LIST OF ALL THE PAYMENT METHODS YOUR BUSINESS ACCEPTS TODAY.

In order to have a comprehensive picture, you have to account for all accepted forms of payment. This can be anything from checks, cash, wire transfers, credit card payments, and so on. If you accept the payment method, it goes on this list.

ENUMERATE ALL THE INTERNAL TOOLS USED TO RECORD AND PROCESS PAYMENTS.

Let's say a customer mails in a paper invoice with a check enclosed. Where does it get recorded? If a credit card payment takes place online, what system takes the payment and how is the message delivered to the system of record? It's critical to know all the systems involved and how they communicate with each other.

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CHAPTER 4

Decide what you would like to change about your current payments process

Armed with all of this valuable information on payment processes, you're ready to start thinking about changing payments for the better. In order to improve your payment experience, you've got to know what's wrong with it today.

Take a look at the details you collected above and consider which inputs are most problematic. Paper checks may take a ton of time for your AR team to key in. Per-transaction fees are likely either incurring high costs or limiting the payment methods you offer (or both). Credit card payments recorded over the phone may be quite error-prone, and the customer experience could suffer as a result. Using disparate payment types with wide-ranging fees can make for a confusing, decentralized experience for customers and employees alike.

Find the problem areas of your existing payment process. Some of them may be quite obvious; others not so much. Most will tie back to the goals you created above, but one that causes some serious problems may not even be on your radar. This process of evaluating what you would like to change about payments could help you to add to or further refine your list of goals. Now is the time to do it before any changes are made.

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CHAPTER 5

Consider the payment migration process and how it affects all parties

You have goals, information, and a preliminary plan. Now it's time to get real. As much as you would like to make sweeping changes and implement all of your ideas, remember that other people (and systems) will be affected. Here are a handful of questions to answer to get you started:

HOW WILL THE CUSTOMER PAYMENT EXPERIENCE CHANGE?

Customers are likely to save time and have an improved experience with digital payments. However, some may be less willing to adopt new payment methods. Consider how you might manage the change to minimize loss of customers. Maybe you allow a grace period for customers to continue paying by check, after which time they'll be charged a percentage fee. Or you might offer a discount off of the first invoice a customer pays using an online credit card or eCheck payment.

HOW WILL THE EMPLOYEE PAYMENT EXPERIENCE CHANGE?

Employees stand to save time and have an improved experience as well, but any changes you make could cause them extra work or require training on new systems. Best-in-class solutions offer options to minimize the number of tools employees have to interact with by allowing them to stay within their existing toolset. Consider how this change could make things better (or worse) for employees.

HOW WOULD YOU LIKE TO COMMUNICATE AND ROLL OUT THE NEW PAYMENT OPTIONS?

In order to start using your new payment methods, customers need to know they are available. Notifying them via existing payment methods (paper or emailed invoice, for example) is an effective way to insure they get the message. And if your customer base is large and rather fragmented, it might be best to choose one or two major customer segments to first receive the new payment methods. Any issues that arise with the first smaller group can be addressed prior to launching the next group.

CHAPTER 6

Determine how to measure progress in changing your payments strategy

After defining your goals, understanding today's payment workflows, and thinking about what you might change and how it affects the business, you've probably gone back and further refined your goals a bit. Tying those goals to metrics will help you establish gains over time.

Showing the drop in payment processing fees when switching from credit card to eCheck payments will demonstrate cost reduction. Recording manual processing time for A/R clerks before and after the change can establish time savings. The same goes for customer satisfaction. And you may already be monitoring key metrics like days sales outstanding (DSO), time-to-cash (TTC), and cost per invoice. Relevant changes in existing metrics will point towards improvement.

CHAPTER 7

The transition to digital payments starts with an informed payments strategy

It’s imperative that any changes to your payment processes are accompanied by reviewing the inputs at your disposal and weighing your options carefully. By defining your goals, understanding today’s processes, considering the effects, deciding on changes, and measuring progress, you can rest assured that any changes you undertake are informed and measurable.

Contact PayStand today to learn more about businesses that have created an informed payments strategy and achieved big benefits.

Ready to get started?

To find out more about how Paystand can help your business contact our sales team at sales@Paystand.com

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Mission

PayStand is the only digital B2B payment network that digitizes the entire enterprise cash cycle. From invoicing to reconciliation, our zero-fee, Payments-as-a-Service model allows companies to transform their revenue operations and automate payments seamlessly and securely with predictability. So, with Paystand you can put your teams to work on projects that matter, you can delight customers, access cash and working capital faster, improve your bottom line, and grow with confidence.

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