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Introduction to Credit & Collections Management

What Is CCM?

Credit & Collections Management (CCM) is a suite of integrated business applications that extend a company’s accounts receivable and accounting system to facilitate credit management, billing and invoicing, remittance processing, dispute management, and collections processes.

According to Paystream Advisors, CCM (also known as RCM) system functionality varies widely by publisher but typically supports six key functional areas – credit facilitation, billing and invoicing, remittance processing, collections management, dispute resolution, and reporting and analysis.

- Credit Facilitation, which includes credit scoring, credit application processing, reference checking, ordering credit reports from credit bureaus, financial statement analysis, new account approval, order approval, credit limit decisions, accounts receivable portfolio monitoring and credit risk management.

- Pre-Bill Management and e-Invoicing, which involves identifying invoice errors, ensuring vendor compliance, generating an accurate invoice; generation, transmittal and distribution of invoices and statements; trade promotion planning; contract management; Electronic Invoice Presentment and Payment (EIPP); and Electronic Bill Presentment and Payment (EBPP).

- Remittance Processing, which typically includes financial EDI (Electronic Data Interchange), EFT (Electronic Funds Transfer including ACH, Automated Clearing House), auto-cash algorithms and routines, payment-to-invoice matching, cash settlement, cash forecasting, as well as credit card processing and matching already-on-account credits, debits, and unapplied payments or adjustments.

- Collections Management, which includes workflow automation driven by a collection strategy engine, prioritized collection activities, integration of A/R data, a reminder system, activity logs, account and invoice level notes, integrated communication tools, faxing capabilities, e-mail, invoice reprinting, other forms of data export, payment plan calculators, imaging tools, and auto-dialers.

- Dispute Management, which includes dispute and deduction resolution, chargeback processing, exception reporting with automated escalation processes, a routing engine, collaboration tools, document sharing, and tools for root cause identification.

- Reporting and Analysis, including cash forecasting, dashboards, email alerts, query capabilities, out-of-the-box reports, report generators, workload balancing, exception reporting, cycle time analysis, portfolio risk management, customer intelligence, and month end reporting tools.
Why CCM?

According to Dunn & Bradstreet and other credit institutions, accounts receivable is typically the first or second largest asset for most businesses. Accounting and enterprise resources planning (ERP) business applications include accounts receivable modules but most often provide only minimal tools to support collections and dispute management processes.

Who Needs CCM?

Companies in many different industries struggle to manage outstanding accounts receivable. The Credit Research Foundation’s National Summary of Domestic Trade Receivables – 2008 Annual Bad-Debt Report estimates that allowances for uncollectable receivables for 2008 were 1.00% of total receivables. This represents an expected, albeit slight increase of 0.50% over 2007 which is likely due to economic conditions. Industries with the highest median percentage of uncollectable receivables included manufacturing, specialty trade contractors, business services, engineering services, and wholesale distributors. Manufacturing seemed to be impacted more than other market segments with 9 of the top 16 highest median values represented by different manufacturing industries.

The CRF report “On Whose Terms?” published in 2006 indicates that approximately 17% of business customers do not adhere to supplier credit terms. Further, another CRF report showed that most delinquent companies delay or deny payment not due to lack of money or poor cash flow (39%) but actually due to compliance or administrative problems (61%) such as incorrect invoices or receiving the invoice too late to process payment on established credit terms.

These findings show that companies in many different industries can benefit from an integrated CCM application coupled with formalized business procedures to streamline credit and collections activities.

CCM Benefits

There are many benefits to implementing a CCM application to extend existing accounts receivable functionality and processes. Some of these are reduced transaction costs, improved cash flow and cash forecasting, optimized staff productivity, and reductions in bad debt and write-offs. Companies who automate collections and nothing more are realizing:

- 10 to 20 percent reductions in daily sales outstanding (DSO)
- 25 percent reductions in past due receivables
- 15 to 25 percent reductions in bad debt reserves
- Return On Investment (ROI) in as little as 2 months and usually in no more than 6-9 months

(Source: Paystream Advisors)
17 Things You Should Be Doing Right Now

There are many things that financial professionals feel they need to do. Many have seen their own departments cut to the bone due to some of the worst economic conditions in decades. Still, there are some fundamental and easily-deployed tactics that are sometimes forgotten in the rigmarole of daily activities – tactics and concepts that every credit department can use to reduce outstanding receivables.

This white paper highlights these 17 points with descriptions and suggestions related to implementation of each strategy and examples to illustrate how they can be integrated with manual and automated systems such as credit and collections management (CCM) applications.

1. Create a Plan

The first step toward improving credit and collections is to develop a formalized policy and plan covering rules, regulations, and procedures to manage daily operations, approval workflow, and resources. The

“...many organizations have implemented ERP solutions that are woefully inadequate in terms of receivables and collections management (RCM) functionality. These enterprise systems often replaced legacy or home-grown systems better suited to credit and collections management. As a result, RCM solutions are increasingly critically important to maintain proficiency in the corporate financial supply chain of accounts receivable (A/R) management. The inadequacy of most A/R processes is particularly apparent with corporate management’s call for greater system integrity and more accurate reporting. The application of SOX standards is continuing to generate business and system improvement pressure as well.”

(Source: Paystream Advisors)
goal for a Credit Plan is to clearly define these elements so that employees conform to documented steps and procedures designed to improve all related business processes.

The Credit Research Foundation estimates that only 20% of credit departments have formalized policies. Many companies struggle to formalize policies due to ad-hoc credit management from salespeople, lack of critical financial information, or simply due to time constraints and higher priority projects.

A credit plan should have a dramatic impact on the overall financial health of your business. It provides a documented roadmap that aligns corporate goals with business procedures. The credit plan should help your organization accomplish many goals including reduction in bad debt and write-offs as well as improvements in sales to cash payment cycles and improved profitability.

The plan should include a mission statement or well-defined company goal. It should also identify all employee roles and systems in the organization that are directly or indirectly related to the credit and collections process. Each role should be defined in relation to credit and collections authority and responsibility. Workflow diagrams are useful for mapping out communications and inter-departmental relationships. The plan may also include supporting data such as the number of customers serviced by the organization, credit term and credit limit policies (if any), annual revenues, average outstanding receivables, average days to pay across accounts, accounting or other systems used for financial reporting, days sales outstanding, bad debt write-offs, and similar data.

Once the data has been collected, many organizations define goals for improving these metrics using key performance indicators. For example, you may want to reduce bad debt by 10% or average outstanding receivables by 5% year-over-year. These goals are important because it helps the credit and collections department to first understand the goals and then to evaluate system and procedural changes that support those strategic goals. For example, if most customers typically pay late then reducing credit terms may be one resolution to support the organization’s goals.
Surveys are useful tools to help define problems in the credit and collections process. Employees and customers should be surveyed to find out what changes they would recommend to improve the process. This can provide valuable insights. For example, you may discover that customers pay late because they receive invoices late or they often have to dispute invoices due to mistakes on sales or service orders. Invoice automation or changes to business processes in other departments could therefore have a significant impact on improving the credit and collections process.

The Credit Research Foundation provides several tools and reports designed to help companies develop credit plans. Further, Microsoft offers many document templates that may be useful resources in support of the overall plan. Some of these templates include credit applications, request for credit change, collections letters, and similar documents.

A CCM business application may be useful for helping you obtain the required data needed to develop a credit policy.

**CCM systems like Anytime Collect provide detailed analysis of customer payment history including average days to pay broken out by ranges of invoice amounts as well as average outstanding receivables. This information can be very useful for developing credit policies.**
2. Provide Accurate & Timely Information

Accurate and timely information is important not only for internal credit and collection professionals but also for customers. Credit professionals need information to help prioritize activities, to provide information to customers, and to back-up critical decisions and conversations. For example, a credit manager should be able to easily see payment history for a customer when determining whether or not to increase credit limits. A collections representative should be able to quickly see late invoices and recent payments in order to determine the status of each account in their collections queue.

Customers need timely and accurate invoice and statement information as well. Some studies indicate that most customers do not intend to pay late. However, internal issues result in late delivery of invoices or incorrect charges that result in lengthy invoice disputes. Credit departments can address these issues by improving sales order and invoice accuracy and automating invoice delivery to get invoices to customers faster. Implementing a receivables document management (RDM) system or document management solution may help this process if the system can be set up to automatically send statements, invoices, or other documents to customers via email or fax. Further an integrated document management solution will provide credit and collection managers with access to original documents that can be reviewed and sent to customers on request.

There are other methods to providing information to customers and credit professionals. These can range from direct access to the backoffice accounting system to the creation and distribution of reports. These methods are not recommended as they are prone to security issues and most often include manual steps that delay the delivery of this information.

Automated, scheduled updates of customer invoice and payment information from the backoffice accounting system help credit and collection managers to access accurate and timely information.
3. Develop KPIs

Key performance indicators (KPIs) are useful for developing credit and collection plans. But how do you develop KPIs and which ones will be the best measurement of your progress in improving business processes? The first step toward developing KPIs is to analyze your existing customer accounts and accounts receivable data. This historic information will help you see which areas should be targeted for improvement. It is often helpful to involve many members of the team and to look at many years of historical data to get other perspectives and to identify trends. For example, a collection manager may have great ideas on how to improve business processes and historical data may show an increase or decrease in particular areas of the business to help identify which areas to target for improvement.

Some popular KPIs that are prevalent among most credit departments are:

- Reduction in average days to pay
- Reduction in average outstanding receivables
- Reduction in bad debt / write-offs
- Reduction in days sales outstanding (DSO)

Many companies focus on other target KPIs once these more common targets have been optimized. More advanced KPIs may require development of custom reporting, inquiries, or information from a CCM system in order to further define KPIs. Some additional KPIs may include:
• Decreased cost of credit
• Improved cash forecast accuracy
• Decreased time from sale to invoice delivery
• Reduction in invoice disputes
• Reduction in dispute resolution time

You can monitor progress against KPIs using simple applications like Microsoft Excel. There are literally hundreds of companies that provide KPI and Balanced Scorecard Excel templates that may be useful tools. More advanced analysis may involve development of KPIs using applications such as Microsoft Performance Server which can automatically link data from multiple databases which are displayed in an online and secured dashboard. This is an excellent management tool to continually monitor progress against each company and departmental goal.

Basic KPI data may be available from an accounting application but the data is often difficult to collect and analyze since it often requires multiple reports and manual calculations. CCM applications provide deeper insight into credit and collections data including instant access to both basic and more advanced data elements such as average cost of credit. Further, some CCM systems provide built-in dashboards for both managers as well as individuals to monitor progress toward personal and company goals.
4. Define Roles

One of the most important things you can do right now is to clearly define credit and collection responsibilities and roles. This applies to companies with dozens of credit and collections professionals to small companies with only a few financial employees. Why is it important to define roles and responsibilities? Below are just a few reasons to consider:

- Who has the authority to place customers on hold?
- Who can increase credit limits or change credit terms?
- Who is responsible for placing collection calls?
- If multiple people are involved in these processes – are their processes the same and how do they communicate with each other and different departments in your organization?

Roles should be defined in the credit plan and as part of each employee’s job description. Consideration should be given to providing primary and secondary responsibilities to employees. This provides back-up support in the event that the primary person is not available. It also cross-trains employees while providing a clear decision-maker for key credit and collection responsibilities.

Larger companies may consider division of roles and responsibilities by account group. For example, sales representatives are commonly assigned to specific accounts based on geography, industry, product line, or other criteria. This provides focus and allows management to measure individual performance as well as the combined team goal. So why should credit and collections be any different? Companies should consider assigning primary account responsibility to each credit and collections representative with key performance indicators measured for both the individual as well as the combined team.

Some CCM applications provide management hierarchies (assigned users) and customer account assignment. Some systems allow credit and collection representatives the flexibility to work on assigned accounts as well as accounts assigned to others in their team.
5. Standardize Messaging

One of the easiest things that credit departments can do to improve business processes is to standardize outbound messaging. This can be accomplished through development of call scripts, template credit and collection letters, and documented corporate answers to common customer questions. There are many different sources for call scripts and document templates. Microsoft is a popular resource since they provide many different credit and collection templates for Word.

Using mail merge templates with accounting data personalizes customer communications ensuring that corporate messaging is consistent across the credit department.

Some CCM applications include sample templates that integrate seamlessly with accounts receivable information and may be used to create mail merge documents that can be sent manually or automatically to multiple account contacts.

61% of late payments are due to compliance or administrative problems such as incorrect invoices or receiving the invoice too late to process payment on established credit terms

(Source: CRF - Credit Research Foundation)
6. Document Activities

Much like sales notes in a CRM system, credit and collection activities should be well documented in a centralized location or database. Companies need to ensure that phone conversations, emails, disputes, account notes, and other important data is documented and available to authorized employees.

Small companies may be able to leverage memos or note features in their existing accounting system for very basic record keeping. Other companies may document activities using other databases or applications.

It is important to consider several things when selecting any system to track credit and collections activities. Below are some things that credit managers should consider:

- Does the system support multi-user access?
- Can remote users access notes and account information?
- Can all notes, documents, and financial information be accessed from a central location or will employees have to use multiple systems?
- Does the system provide access to account information such as contacts, invoices, payments, and other details that support credit and collection activities?
- Does the system provide adequate security to protect customer lists or company financial information?
- Is it easy to schedule activities and to assign activities to other employees?
- How are activities marked as complete?
- Are there tools that identify which activities need to be created for new issues (such as past due balances, disputes, etc.)?
- Is it easy to analyze and report on credit and collections activities?
- Does the system provide standard and custom activities to meet your needs?
- Can you document and report against expected payments?
- Is it easy to create and log inbound and outbound email communications?
CM applications are like CRM for the credit and collections professional providing access to data as well as the ability to fully document and report on activities such as invoice disputes, email communications, expected payments, account and task notes, and phone conversations.

7. Define Dispute Resolution Procedures

It doesn’t matter whether you sell products or services; any company that bills customers inevitably has to deal with invoice disputes. Disputes may be legitimate (wrong product delivered, incorrect service rate charged, etc.) or it can be a disagreement that requires extensive communications to resolve. Mismanagement of disputes can significantly affect business relationships and may jeopardize open, pending, and future orders.

Credit departments should develop a dispute resolution plan documenting steps to effectively and expeditiously manage disputes. Dispute plans should include documented procedures defining how to identify disputes, who is responsible for managing disputes, who has authority to approve concessions or credits, and how standard activities or steps required. It may be helpful to include workflow diagrams as well.
8. Centralize Data & Communications

Centralized data storage and communications is vital to any team. For example, effective sales teams utilize customer relationship management (CRM) applications to document communications and notes related to sales opportunities so that other team members can review this vital information. It’s common in sales to hand-off sales opportunities from marketing to inside sales to outside sales. Once the sales closes, information related to the new customer is then useful for assigned account managers.

In much the same way, centralized data storage and communications is vital to larger credit and collections departments. Having all account information in one place and available to all authorized employees ensures that your entire team can effectively manage daily activities and work together as a team toward departmental goals.

A secondary benefit to storing information in a centralized location relates to securing financial information. Further, customer account information is readily available for both internal and external auditors to review.
Even small companies should consider implementing a CCM application to ensure that account notes and communications are stored in one place so that the information is available for employees who may assist with credit and collections tasks or for replacement employees should the primary credit manager leave the company. In Anytime Collect, you can hover over communications to see transcript of message.

9. Manage Your Resources

Credit managers need to effectively manage their teams. The first step is to identify which resources are available and how much time they spend on credit and collections activities as some employees have multiple roles and only spend a small portion of their day working on credit and collections. For example, it is common to have an accounts payable clerk working on collections. Some companies also utilize office managers for collections calls or escalate specific tasks to the company controller or chief financial officer (such as resolving disputes, extending credit terms, etc.).

Some credit managers assign tasks to employees. The employee then works on and reports progress toward accomplishing these assignments. In other environments, the collection representative is responsible for managing their own tasks related to outstanding receivables. In either case, a centralized scheduling system is helpful for planning daily and weekly activities. It can also be useful for assigning
tasks to other employees when someone's out of the office for vacation or when collection issues need to be escalated to a senior manager for review.

There are two ways to effectively manage your team. The first is to assign accounts to resources who are responsible for managing receivables and collection activities for their respective accounts. This is very effective – especially if you assign larger accounts to individuals who can focus their efforts on the majority of your receivables. For example, if you have 20 accounts that represent over 50% of your receivables then you might split 10 accounts each to two dedicated credit resources. The remaining accounts could be shared by both representatives and worked on in more of a collaborative, team-based scenario. Some companies also assign primary responsibility to credit representatives based on account geography, customer type, assigned sales rep, product line, or other criteria.

Managers should also be able to report on key performance indicators and activities performed by their team members. For example, a credit manager may hold collection representatives accountable for placing a specific number of phone calls each day or week or maintaining a defined level of outstanding receivables which aligns to key performance indicators.

Managing resources can be accomplished using common tools such as CRM or email systems like Microsoft Outlook. However, it is often more effective to implement CCM applications which offer additional resource management and reporting features such as built-in calendars.
10. Score Customers Using Cost of Credit

Scoring customers is important because it helps managers focus on accounts that need more attention and can have a direct and immediate impact on reducing receivables. There are many ways to score and rank customers using financial data and industry formulas. Some companies look simply for the account with the oldest aging while others use more common calculations like Days Sales Outstanding (DSO) to determine which accounts to call first.

Newer methods like Cost of Credit (COC) provide additional insight into accounts based on their financial cost to the organization. Cost of Credit scoring utilizes an annual percentage rate to calculate the cost of extended credit for each invoice and summarizes the total by account. This scoring method is much more effective when determining which accounts to call first, whether the account should be escalated to a senior manager, or how often to call on the account.

It is important to incorporate scoring into corporate and individual key performance indicators regardless of the method(s) your department implements internally. The most important thing to consider is whether the data is available for analysis based on the scoring methods. For example, you may find that a sales representative’s accounts have a higher cost of credit than other sales reps. You may also review total cost of credit amounts by credit representatives and task them with a goal to reduce the amount by a percentage during the year.

Cost of Credit (COC) can be a much more effective customer scoring method since it shows precisely which accounts are costing the company the most money in regards to costs of extended credit beyond terms. Cost of Credit information provides unique insights into receivables data which can be analyzed by credit manager, assigned sales representative, customer type, or other data elements. Many CCM systems also allow you to use credit scores from external credit bureaus as well as customized credit scoring formulas using a variety of data in the system.

11. Be Proactive

Most companies intend to pay their bills on time but it doesn’t hurt to remind them from time-to-time. Another strategy to reduce outstanding receivables is to simply identify pro-active steps to manage receivables before they are actually past due.
A simple email reminder sent to the correct contact a week before invoices are due can often circumvent late payment. Another strategy is to simply resend open invoices to customers prior to them becoming late or to post invoices to a customer portal where they can be downloaded or reviewed online by the customer.

12. Focus on Key Accounts

Some customers are simply bad at paying their bills but are significant customers in terms of revenue. Other accounts are quick to pay on large amounts but tend to pay late on smaller invoices. Credit managers often struggle to effectively manage these types of accounts because they lack the information they need to determine how to effectively communicate and manage collections efforts. As mentioned previously, cost of credit scoring and customer classification are also useful for managing good accounts with poor payment history.

One way to accomplish this is to assign these accounts to a particular credit manager who can focus more attention on the nuances of each customer. Information is critical to the credit manager including average days to pay history based on invoice amounts.
Most ERP accounting systems provide an average days to pay by customer. This is useful but doesn’t show the true payment trends for each customer that can be invaluable when using a CCM application. For example, a CCM system like Anytime Collect provides average days to pay information for a specific customer for a range of invoice amounts. Here the credit manager can clearly see that Deer & Co typically pays 26 days after invoice but they are typically late to pay on invoices greater than $20,000.

13. Automate Business Processes

Credit professionals spend a lot of time with manual processes that should be automated or simplified to the point where they are much easier to manage. Some tasks that can be automated include reprinting of invoices and statements, invoice and statement delivery, due date reminders, and past due collections communications.

The first step toward automating the process begins with invoices and statements. One of the most common excuses credit professionals hear for non-payment is that they never received the invoice in the first place. The credit manager then has to reprint invoices and deliver them to the contact via fax or email. This is very time-consuming and a task that could easily be eliminated if the invoices and statements were already available in an electronic format. Further, some companies do not allow...
collection representatives full access to the accounting system to reprint invoices. This can cause additional payment delays as the documents are requested from the accounting department.

One solution is to generate PDF copies of invoices and statements when the original invoice or statement is printed from the ERP accounting system. Some CCM applications provide built-in document management capabilities that not only generate PDF copies of documents, but can automatically file the documents in customer folders which are quickly accessed by credit and collection representatives.

Some ERP systems provide automated tools to deliver invoices and statements to customers via email or fax. However, many ERP systems do not provide this type of functionality which can delay invoice delivery and which in-turn delays customer payment. Credit managers should investigate systems to expedite invoice and statement delivery as this is often the most prevalent reason for late payments.

Much of the communication that is provided to late accounts is standard and could be automated based on a customer classification, amount owed, and days outstanding. Collection representatives shouldn’t have to write the same email or letter over and over again to dozens or hundreds of customers when they could quickly mass-mail customers who should receive the same message. For example, some CCM applications facilitate the delivery of template reports, such as an open invoice report, to multiple companies who have open balances.

**Integrated Receivables Document Management (RDM) Process**
Communications and other business processes can be streamlined by automating delivery of credit and collection letters via email using CCM applications. Further, integrated document management systems can be setup to create and automatically file electronic copies of invoices and statements that credit managers can access for review or to fax or email to customers who do not have access to the accounting system to reprint these documents.

14. Secure Financial Information

Securing financial information is critical to all businesses – especially those who need to comply with Sarbanes-Oxley (SOX) requirements. Sarbanes-Oxley is a bill that was enacted as a reaction to a number of major corporate and accounting scandals.
The legislation set new or enhanced standards for all U.S. public company boards, management and public accounting firms. It does not apply to privately held companies. However, many SOX requirements represent good business practices for smaller, privately-owned companies. Section 404 of SOX outlines requirements related to the scope and adequacy of internal controls and procedures for financial reporting.

In addition to SOX, there are many other reasons why it is important to secure financial information. For example, companies may want to prevent sales or credit reps from going to work for a competitor and taking the entire customer database when they leave. Or companies may need to restrict access to specific activities such as changing customer credit terms or taking accounts off hold.

Regardless of the reason, securing your financial records is an important consideration and something that you credit departments should be doing today. Security can have an impact on reducing outstanding receivables since it forces companies to think about how they manage business processes and helps to define roles and responsibilities.

**CCM applications provide built-in security such as user roles and account assignment to prevent unauthorized access to financial information.**

15. Involve Your Sales Team

Many credit departments can reduce outstanding receivables by simply involving the sales team in their business processes. This may sound unorthodox to some organizations but it makes sense when you think of credit as the beginning of the sales process and collections as the completion of every sale.
Credit managers can learn a lot by simply discussing customer credit issues and needs with the sales team. For example, sales may be more effective if they had extended terms for accounts in a particular industry due to pressure from competitors. Sales people may communicate with customers more often than credit representatives so they can act as an extension to the credit department to help collect on past due invoices. In many cases, the sales rep is the best person to involve in collections which may be held up due to disputes over products or services they purchased.

In fact, many companies compensate sales reps not on what they sell but on paid invoices. This inter-dependency between the credit and sales department provides unique opportunities for collaboration on outstanding accounts.

There are many ways to involve the sales team in credit and collections processes. One of the easiest is to conduct periodic meetings to discuss credit and sales issues and strategies. A second tactic may require development of special reports providing the sales team with financial updates for specified accounts. Reporting may be difficult if sales reps do not have access to the backoffice accounting system. In fact, most organizations do not provide sales reps with access to the financial software due to security concerns and system use Some CCM business applications can be used to provide limited-access to credit and collection information for sales representatives who can log-in to see what activities are in process for their assigned accounts.

16. Escalate Trouble Accounts

What happens when a customer is facing bankruptcy or simply refuses to pay an invoice due a dispute or cash flow problems? There are occasions when it’s necessary to escalate an account to management for higher-level discussions. There may be other scenarios where accounts need to be turned over to third party collections agencies. In these cases, credit managers need tools to identify troubled accounts with facilities to realign credit and collection activities to other employees or third party firms.
Escalating cases to internal employees is difficult if you don’t have a centralized system to store notes and communications related to the account and recent credit and collection efforts. It can be even more difficult if this information needs to be shared with an external, third party agent.

Credit managers should have documented procedures for escalating accounts. For example, accounts may need to be escalated from a collections representative to a credit manager or supervisor if the customer’s outstanding account balance exceeds a pre-defined limit or is past due by a defined amount of time. For example, an account may be escalated to management if their outstanding balance exceeds $20,000 or they have an outstanding balance that is more than 90 days past due.

Some CCM systems include data views and reports to identify accounts that need to be escalated to managers. Additionally, open collection tasks may be assigned to other employees or external agents.

17. Work as a Team

One of the easiest things that credit departments can do is to work as a team. This concept applies to companies even if they only have one person managing credit and collections as they often work in tandem with a controller, chief financial officer, sales, and other departments. Smaller companies should consider training under-utilized resources to assist with collection activities. For example, an office manager or secretary could easily be trained to contact customers when call volumes are low.

As mentioned previously, larger credit departments may provide flexibility for credit representatives to work on assigned accounts but share smaller account responsibilities as a team. This division focuses the team on high profile customers while sharing the workload for smaller, less strategic accounts.
Another benefit to working as a team is to provide coverage when someone isn’t available. Team concepts also minimize the impact often felt when smaller credit departments lose key employees.

There are several keys to organizing an effective credit and collections team. These include finding and retaining the right people, enabling them with the information they need to effectively manage their daily activities, and providing measurable goals to keep them motivated. Implementing an integrated CCM application is not a necessity for promoting teamwork but it does provide for a solid platform to share information and collaborate on account activities.

Some CCM systems support management hierarchies and collection teams. Team managers can easily view the activities of their teammates.

**Conclusion**

CCM applications are designed to extend the accounts receivable module in your existing ERP accounting system to effectively manage credit and collections activities with integrated reporting and business metrics to help you build a world-class organization.

Automation, templates, and document management capabilities provide even more value to the credit department through the elimination of manual processes but also in the presentation of timely and accurate information required to manage past due collection tasks.

Many large credit departments utilize enterprise CCM systems that cost tens of thousands of dollars to purchase and even more to implement and to use. Still other collection systems were developed as one-off opportunities by inexperienced developers specializing in a single accounting application.

Today there is another choice – Anytime Collect – one of the first CCM systems developed for smaller businesses looking to get a handle on their receivables and turn orders into cash.
Additional Resources

- NACM – National Association of Credit Management
- CRF - Credit Research Foundation
- Anytime Collect website

About e2b teknologies

e2b teknologies is a Chardon, Ohio-based publisher of Anytime Collect (http://anytimecollect.com/), an enterprise-class credit and collections management (CCM) business application designed for small and mid-size businesses. The Anytime Collect product is available through authorized resellers throughout North America. The Company is a member of NACM – the National Association of Credit Managers and has received numerous awards and accolades including the Case Weatherhead School of Management’s Weatherhead 100 and Lake-Geauga FastTrack 50 awards.