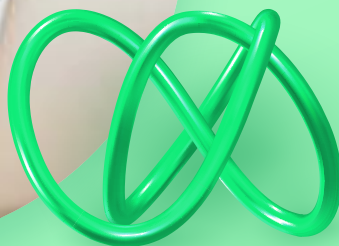


Take a stance: How (and why) to be a proactive leader in finance





The power of the proactive leadership path

There's a reason that "Be proactive" is the first habit addressed in Stephen Covey's 1989 classic, *The 7 Habits of Highly Effective People*: It's a game changer.

Moving from a place of reaction to a place of proactivity transfers control back to the individual. Rather than responding to the environment, the person shapes the environment to their needs.

For finance leaders, that shift in approach signals the difference between a highly functioning, efficient department and one that is met with process problems and delays. Having a proactive mentality will shorten DSO, create happier customers, and inspire engagement in employees.

In fact, taking a proactive stance enables accounts receivable (AR) professionals to:

- Accelerate cash flow
- Control costs
- Increase customer satisfaction
- Retain employees

“Go tackle it now. Digitization is something you should be looking at across the board.”

says Billtrust’s CEO Sunil Rajasekar.

In short, there’s power in taking the proactive path.

“Between the stimulus and the response is our greatest power—we have the freedom to choose our response.”

Dr. Stephen R. Covey, *The 7 Habits of Highly Effective People*

The business case for being proactive

Before finance leaders jump headfirst into a pool of proactivity, they need to understand why this shift matters. Above all, businesses that boast a proactive AR team recognize positive effects on their organizations, both directly on the bottom line and as evidenced in employee retention.

3 ways proactive leadership improves your bottom line

Making the transition to a proactive mentality doesn't just put a finance leader in the driver's seat, it also generates strong bottom-line effects. In fact, in a total economic impact study for Billtrust, Forrester Consulting found that being proactive contributes to an organization's financial success by:

- **Accelerating access to cash.** In the study, by shifting the invoice/payment reconciliation process from one that predominantly took place after the invoice was sent to one that had a more proactive plan to connect the invoice and payment, the organization achieved 80% straight-through processing of cash application activities, resulting in a savings of \$359,000.
- **Decreasing costs.** Similarly, when a business proactively assesses its AR strategy, it finds significant cost reduction by digitizing its invoicing and payments processes. The Forrester Consulting study found that by shifting from print-and-mail practices to e-invoicing, an organization may be able to cut AR expenses by \$322,000.

In addition, instituting a proactive payments strategy also enables businesses to select payment options that best support their needs. For example, moving from check to ACH reduces collection efforts, and providing data to credit card processors will help the business recognize interchange optimization discounts. In the Forrester research, these shifts amounted to another \$422,000 cost savings.

- **Increasing customer satisfaction.** The adage that a happy customer is a good customer rings true. Small changes like offering the payment options customers prefer, increasing speed and accuracy of response, and providing transparency into the invoice and payment details, equal big results when it comes to customer satisfaction. In fact, best-in-class AR teams can expect 25% better customer service levels than standard teams.

88%

The average savings per invoice when a company switches from printed and mailed processes to electronic ones

A proactive AR team is a best-in-class AR team

A December 2021 study from Paradoxes, Inc., found a consistent attribute that distinguishes a best-in-class AR team: the proactivity of its members.

From “highly proactive account coverage” and predictive analytics to cash forecasting and beyond, the study concluded that forward-looking teams yield better results to the tune of:

25% better customer service levels

23% collections improvement

15% faster receipt of payments

The study also found that modern and best-in-class teams measure success by placing increased importance on key performance indicators, such as customer satisfaction, cash conversion and collections—all results of a proactive approach to AR.

Proactive leadership keeps employees happy

It’s not just about the numbers. In today’s competitive job market, employee retention is just as much a focus for finance leaders. In fact, according to the U.S. Bureau of Labor Statistics, quitting levels reached historic highs in 2022—as did the number of job openings—making employee retention a priority for all organizations.

Fortunately, there’s something finance leaders can do to support employee happiness: Be proactive. A January 2021 study from the journal Personnel Review concluded that “having a proactive personality is positively related to retention intentions due to enhanced work engagement.” This finding signals that when AR teams feel in control of their circumstances, they feel more positive about their work environment.

20%

The anticipated rise in U.S. total annual employee turnover.

Proactive leadership in action

When one of the largest staffing companies in the U.S. was able to take a proactive approach to vendor payments and remittance, it increased employee retention and engagement. By garnering the support of partner with a solution that directly integrated into its vendor management system and pulled remittance information to automate cash application, it not only experienced a 72% savings in their labor costs; the company also stabilized the headcount of its internal accounts receivable team and boosted morale with a streamlined process.

4 steps for moving from reactive to proactive leadership in AR processes

While AR teams have a clear-cut case for moving from reactive to proactive, it's easier said than done. More often than not, the busyness of the AR discipline pushes finance leaders into reactive mode.

The good news? Even in today's fast-paced environment, four key steps can position finance leaders for a more proactive approach to AR:

- **Gather the data necessary to think ahead.** To be proactive, data is key. AR teams need a single source of truth for company finance data and history. In addition, having visibility into the O2C process enables you to be more effective, targeting the customers most likely to respond to outreach and ensuring a clear line of sight into payment and invoice status.

For instance, consider the changes made by one of America's largest suppliers of specialty building products and millwork. The company brought on a third-party AR partner to help it institute an automated outreach plan to delinquent customers. Fueled by an automated email reminder each day, the AR team initiated a proactive outreach plan that resulted in a 31% decrease in overall delinquency and a \$1 million decrease in their 61+-day aging bucket in just six months. This shift in process, moving to a proactive calling plan, accelerated the company's cash flow and better supported its business objectives.

Having the needed customer information available to address AR challenges allows finance leaders to be more proactive in their planning and outreach.

- **Create efficient processes to free up time for more proactive planning.**

When the day consists of manual methods, matching invoices to payments, and managing delinquencies, it can be hard to find the time or even the head space for more strategic, proactive planning. That's why instituting more efficient AR procedures can help in making the shift to a proactive plan.

When Acushnet Company, one of the largest manufacturers of golf equipment in the world, wanted to streamline its cash application processes, it turned to a trusted partner. With outside perspective and new technology to support it, the company was able to rid itself of outdated lockbox processes and transition to a cash application solution that reduce the amount of time previously needed to manually process open cash bins by an estimated 20 hours per day—eliminating the need to pay employees overtime in the process.

By creating efficiencies in the overall AR approach, finance leaders free up time for the more the forward-looking and growth-oriented strategies they want more time to ponder.

- **Better connect with customers.** Moving to a more proactive approach also allows AR teams to serve their customers more effectively and efficiently. Offering greater transparency into invoice status and dispute resolution helps to ensure customers feel more valued by the company, and when AR teams can spend more time thinking about customer needs, they identify ways to better support them.

Take Blazer Electric Supply, southern Colorado's largest locally owned electrical supply distributor. By engaging a trusted partner, the company was able to reimagine processes with a digital-first mindset. Implementing an eCommerce webstore product, the company gave customers access to its complete webstore catalog, the ability to upload purchase order files, a mobile barcode scanner, reorder pad to quickly create a shopping cart, an additional payment module and more. This led to drastically enhanced customer service, warranting the highest level of recognition in its buying group's e-customer satisfaction program.

- **Choose a partner who can bolster your proactive plans by offering tailored solutions.** From e-invoicing to electronic payments to data transparency and customer-facing solutions, having a partner who can support the full spectrum of AR needs will enable you to move out of the weeds of day-to-day manual tasks and assume a forward-looking position that helps propel the company forward.

Look for providers who can support you in becoming a best-in-class AR team by offering:

- Digital payments and invoicing
- Cash forecasting
- Predictive analytics
- Touchless cash application
- Highly proactive account coverage

To move from reactive to proactive leadership, you need a strong partner by your side, driving the details, so you have space to focus on the big picture.

Finance teams that can be proactive benefit from everything from a stronger bottom line to more engaged staff. Taking the steps today to transition into a more proactive mindset will set your company up for continued success, now and into the future.

"Now is the time to go and do something, whether it's thinking about how you're going to spend your money in short cycles or pulling back and making smarter investments that give you some savings,"

says Billtrust's CFO, **Bob Purcell**

"Be proactive. Don't wait for the time you have to do it."

To dos for being a proactive leader

- Have a clear line of sight into the order-to-cash process
- Ditch manual methods and digitize the invoicing and payments processes
- Be transparent with AR teams
- Choose a partner who can bolster your plans by offering tailored solutions



Learn more

Visit billtrust.com or [contact our sales team](#).

ABOUT BILLTRUST

Billtrust is a leading provider of cloud-based software and integrated payment processing solutions that simplify and automate B2B commerce. Accounts receivable is broken and relies on conventional processes that are outdated, inefficient, manual and largely paper based. Billtrust is at the forefront of the digital transformation of AR, providing mission-critical solutions that span credit decisioning and monitoring, online ordering, invoice delivery, payments and remittance capture, invoicing, cash application and collections.



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