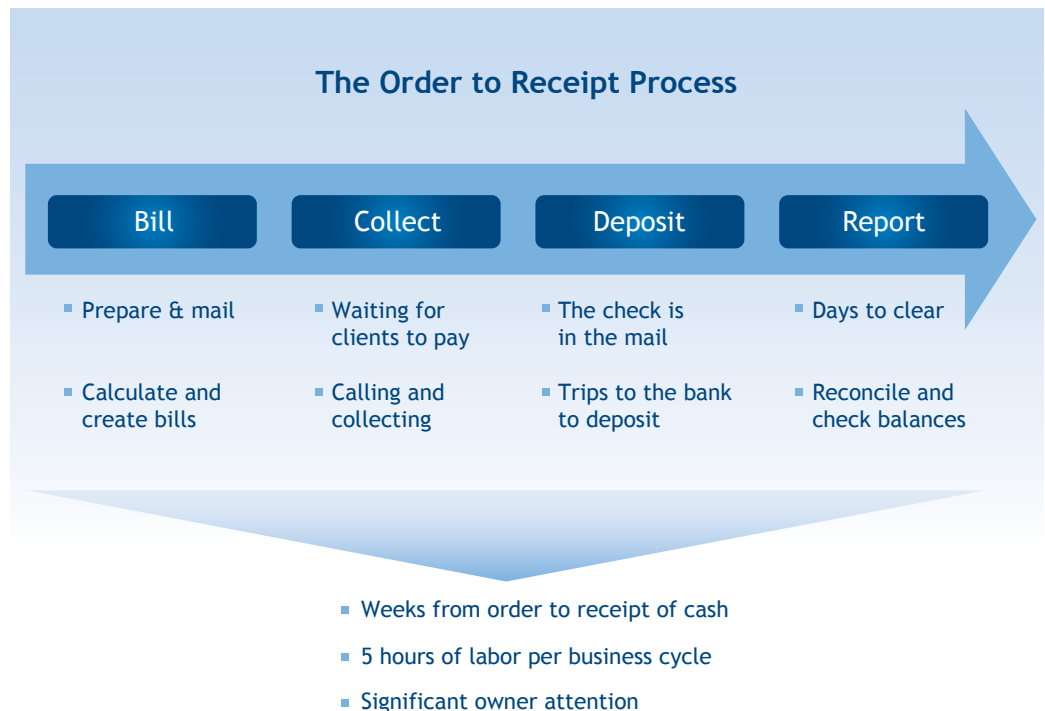


Automate Your Collections Process

There are several good business reasons to automate and streamline the way your company collects money.

- Automating your collections can help you stretch your cash flow. A large portion of your cash flow may be tied up in the collections process. This is the time it takes your company to create bills, send invoices, collect and deposit checks. A slow and inefficient collections process can tie up your cash for weeks or even months. This robs your business of the working capital it needs by using your cash to finance your customers' purchases instead of producing and selling more products, or investing in growth.
- Streamlining your collections process can save you hours of management time, particularly if you are currently billing by hand, collecting by mail, depositing checks in person, and tracking deposits manually.

The faster you collect, the faster you can put the money back to work growing your profits. The less time you spend on collections, the more time and attention you can focus on cash-generating activity such as growing sales or improving productivity.



Cash-conscious businesses are taking advantage of advances in technology and changing customer payment preferences to shrink their collection cycle by days and eliminate hours of labor from the process.

- Advances in payments technologies - such as online banking, electronic checks, and Automated Clearing House (ACH) networks - give the average business owner the ability to collect and deposit payments in less time and with less effort. (For more details see the “7 Payment Options That Can Improve Your Cash Flow” article in this Program.)
- Changes in customer purchase preferences can help you collect faster and easier. Many businesses are able to collect money faster by taking advantage of the electronic and card payments which are increasingly popular with customers and speed cash into the bank. Over 30% of business owners surveyed by SunTrust added the choice of electronic or card payment in order to accelerate cash flow and expand revenues¹. The Federal Reserve forecasts that the majority of consumer payments will be made using credit cards, debit cards, and electronic payment in 2009⁹.
- Advances in business banking technologies, such as the ability to export transaction information into spreadsheet and accounting software or set up recurring pre-authorized electronic payments using your online banking account, can help to streamline the billing processes. These technologies help reduce the amount of time it takes to create accurate bills and allow you to invoice customers electronically.

Five Practical Steps You Can Take to Automate Your Collections Process

1. Bill and collect electronically.

Take steps to start billing and collecting from more of your customers electronically. A simple step is to email them PDF invoices you generate from your accounting software or word processing package. Another simple action is to start accepting cards by getting a merchant services account. You can include card payment information in an email invoice. Another step is to take advantage of the ability of your online banking account to accept pre authorized ACH payments. This lets you set up automatic payments from regular customers and speeds collections. For example, many online banking accounts allow you to set up recurring pre authorized electronic payments online with customers by setting up ACH payments. ACH payments are less expensive than wire transfers and clear faster than checks. Your customers simply fill out a form and provide a few account details.

2. Accept card payments.

Another smart step you can take immediately is to offer customers the option to pay by card. You can accept card payments over the phone, on the web, or in person if you open a merchant services account. Cards help you collect faster, grow sales, and save you time billing, collecting, and depositing.

- Cards help you grow sales because they open up sales channels and create more selling opportunities. In general, the more selling channels you have, the more opportunities you have to sell. Cards make it easier for you to collect from customers over the phone during sales conversations. This allows you to take greater advantage of inbound sales leads or web inquiries. Cards let you make web sales because it is relatively easy and inexpensive to set up an e-commerce account that allows you to securely collect card payments online without any effort on your part. Stored value cards help you take advantage of your biggest growth asset - your customer base - with loyalty cards that motivate customers to keep shopping with you, and gift cards that provide an attractive incentive to refer other customers to you.
- Cards speed collections letting you collect and deposit faster. Opening a merchant services account lets you get faster access to cash from sales made on credit, debit, and gift cards. Cash received from card payments is in the bank within days, not weeks. Cards help you manage slow payers or late receivables because they allow you to accept cards for payment in collection calls.
- Cards save you time making deposits and reporting receipts. Another benefit of card sales is that you can track card sales transactions and deposits online anytime or get automated alerts when a payment or transaction has occurred. This eliminates paperwork and effort associated with depositing and tracking revenues.

3. Get help with paper checks.

You can do this by taking advantage of remote deposit, merchant services, and lock box services offered by your bank. Checks remain a popular form of payment. They are still used in over a quarter of consumer payments⁹. Unfortunately, paper checks take time to clear, they get lost and stolen, and it takes time and energy to deposit and reconcile paper check payments.

- If many of your customers prefer to pay by paper checks, consider taking advantage of solutions that allow you to submit paper checks for deposit electronically and remotely. Electronic checks technology can help you speed and automate how you collect, deposit, and track paper checks by allowing you to scan them to capture check images and submit them for deposit as electronic transactions. This allows you to accept payment by paper checks from customers who prefer to pay that way, but deposit and track them online. Scanning checks at your office makes it easier to make regular deposits and track check sales transactions and deposit information electronically in your online banking solution. Today, leading banks offer affordable and simple-to-use remote check capture solutions that allow you to scan and submit check images for deposit right from your desktop. Some remote deposit solutions allow you to make deposits after banking hours and still get same-day credit.

- Take advantage of electronic check processing technology by getting a merchant services solution that allows you to scan, collect, reconcile, and report paper checks received at the retail point of purchase. Some service providers offer check verification services that help you determine if the check is likely to be rejected due to insufficient funds. This helps you better forecast cash flow and avoids bad receivables or fees associated with returned checks.
- If your business has many locations and you receive checks as a form of payment, you may want to consider a lock box service. This service improves the collection of a company's receivables by minimizing mail float, processing time and clearing float.

4. Consolidate your electronic deposit transactions.

You should consolidate all of your business transactions into an online banking solution so you can see all of your accounts at once and check balances online, any time using online banking. A good online banking solution will allow you to track your entire financial picture online, including many different business entities as well as both personal and business accounts. Some premium checking accounts also allow you to invest extra money if you have it, or draw down upon a line of credit if you need it. Your checking account is also a convenient place to track many different payment types - including checks, online bill payments, and card payments. If you accept credit cards and debit cards, make sure your merchant services account is linked to your checking account. This makes it easier to track more of your receivables and collections. Paying with bank debit and bank credit cards makes it easier to track your payables because, in many cases, your credit card transactions can be viewed in your online banking account.

5. Stop paying your bills manually.

Finally, paying your employees and suppliers electronically or by card is more convenient and gives you better expense information which can help you generate invoices. This is because many online banking and payroll services allow you to export your expense information into QuickBooks® or a spreadsheet software program. This software makes it easier to allocate costs to specific products and add up pass through expenses, like out of pocket travel, more easily. Importing more of your expenses into a spreadsheet or accounting software package makes it easier for your bookkeeper or accountant to understand your costs and allocate these expenses to specific projects, products, or customer accounts so you can create accurate bills. For example, paying suppliers electronically or by card allows you to track all of your costs electronically so you can track project costs and bill pass through costs such as travel or materials faster. And some payroll solutions allow you to export your time sheet and payroll expense information directly into your QuickBooks® or a spreadsheet software program. This makes it easier for your bookkeeper or accountant to understand your labor costs and allocate these expenses to specific projects, products, or customer accounts so you can create accurate bills.