5 Reasons To Take A Holistic Approach To Your AR Process

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I recently attended a convention keynote where the presenter spoke to the impact the Fourth Industrial Revolution had on all aspects of business. This Fourth builds on the digital revolution, with the fusion of emerging technologies that are growing at an exponential rate. It is disruptive, especially with the recent focus on RPA and AI, with automation leading the charge in all aspects of our lives, professionally and personally.

Yet when we think of one of the most fundamental areas of finance, Accounts Receivable, we still see AR teams taking a traditional approach, full of manual processes, disjointed practices, and segmented core functions, such as presentment, collections and payments.

So how do these AR teams catch up, scale, and maybe even get ahead of the curve? It's simple – they need to take a holistic approach to their AR process. Most AR departments only solve half of the receivables problem with their current resources. Here are 5 reasons that you need to take a holistic approach to the AR process:

1) Improving the efficiency of your invoice-to-cash cycle will get you paid faster.

As an AR team, DSO is likely one of your strongest – and most feared – metrics. When you don't take a holistic approach to AR, you will be inundated with inefficiencies, bogged down with manual tasks, and frustrated with the time it takes to get paid. The result? Your DSO grows. What if I told you that you could get paid 5-25 days faster? An end-to-end solution will do that.

2) Collaboration is critical and will strengthen your customer relationships.

How many minutes and hours have you spent managing disputes or going back and forth with a client about an invoice discrepancy? Have you played phone tag for days, only to realize that it was a small human error? And once you get the info from the client, did you spend even more time trying to communicate and resolve with your internal teams? Strong, end-to-end solutions understand the importance of collaboration (both internal and external) and the need to improve the communications process, which will ultimately, strengthen customer relationships. Happy customer, happy business.

3) Real-time analytics and insights will improve your cash flow and increase working capital.

Traditional accounting = Static reports. Static reports = Poor decisions. To keep up and make strong, data-driven decisions you have to leave the “old ways” of AR behind. Taking a holistic view of real-time analytics will give you a true snapshot of your organization’s AR health and customer behavior at any given time, driving operational efficiency. You will have full visibility to monitor key financial metrics and proactively forecast cash flow. Which member of senior leadership would say no to that?!?

4) Adopting an end-to-end mindset will enable greater process agility.

Scale and continuous improvements are difficult if core functions are segmented or if there are gaps in the AR process. For example, organizations may have a great collections process but struggle with cash app. Being agile is no longer a choice for organizations, but an increasing business requirement. If you adopt an end-to-end mindset, you can easily adapt to change, improve decision-making, and ultimately save time and money.

5) Streamlining functions and eliminating manual, siloed processes will refocus your AR team on high-value work to advance business.

When finance departments hear the words automation, streamlining, and increasing efficiencies, they instantly retreat. The misconception is that they will lose headcount. The reality is, the tasks and priorities of the team can shift, rather than result in job loss, and allow the team to refocus on high-value work and time with customers. For organizations with a strong people culture, it will also foster professional development within the team, which can increase job satisfaction and promote high-performance teams.

So we understand the why, but what about the how? What is the easiest way to do this? The answer to taking a holistic approach to your AR process is with end-to-end accounts receivable automated solutions. These platforms are built to scale, seamlessly integrating with ERP and accounting systems. Being progressive as an organization is critical to growth in this fast-paced digital economy.