# Accounts receivable

## How to collect cash quicker and fuel growth with document management

**INTERVIEWED BY JAYNE GEST**

Business owners need cash to grow. That's why it's critical to streamline your receivables process to ensure you're collecting cash as quickly as possible. Developing a document management strategy can help you do just that.

Having these technologies and efficiencies in place to manage the growth also enables you to do so without adding bodies.

"For receivables, order processing and applying payments, if you're growing and need to add bodies, this is a no brainer," says Heather Stump, business process analyst at Blue Technologies Smart Solutions. "Software doesn't go on vacations or need medical benefits. That's an instant ROI, if you're interviewing to hire more people."

In addition, your high-paid employees may be doing low-paid tasks right now. You can automate many tasks so they spend more time processing and less time shuffling paper or filing, she says.

*Smart Business* spoke with Stump about how efficient document management will improve your accounts receivable processes.

**What are pain points for companies when it comes to accounts receivable?**
You want to limit your DSO, or days sales outstanding, and collect money quickly. Some of that is dependent upon customers, but you can minimize the time it takes to process orders, apply payments to those orders and follow up on troubled accounts.

Also, if your company has a manual or paper-based process for processing and applying payments, it lowers the visibility — and cash flow projections aren't as accurate.

When you're shipping goods or delivering services, your business needs to be able to respond in a timely manner to customer inquiries or payment disputes. Quick and responsive customer service will result in

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repeat orders, referrals and more business.

**How can document management help?**
Document management solutions are able to streamline the entire order to cash process. Documents are stored in a central, digital repository, linking all documentation associated with an order, such as the invoice, proof of delivery and check remittance. This comprehensive view allows staff to respond to customer disputes quicker and focus more time on processing and applying payments.

Additionally, electronic forms can replace the paper forms that you may be using today. Distributing the data entry responsibility throughout your organization, such as your sales staff for orders, ensures real-time information to your order processing department and faster billing turnaround.

Finally, you can proactively stay on top of late payments through automated searches and notifications to the receivables team.

**How does this tie into existing software?**
Document management technology is not meant to replace your existing line of business systems; it's used in conjunction with what you already have. For example, advanced capture technology can be used to extract critical information from incoming documents, validate that information with data in your accounting system and then

post it to the correct account. This helps to avoid multiple cases of data entry, which takes time and increases the possibility of errors, such as misapplied payments

There are many levels of integrations you can explore. Once you've identified your process bottlenecks and business needs, you will need to work with a technology expert to find the right solution.

**What are best practices for using document management with your accounts receivable?**
Document management, like any technology, should be phased in slowly. Focus, first, on taking your file cabinets and paper folders digital. Once you're storing documents electronically, users must be trained to access them. Then, you can add process automation and integration.

Management should identify the top problems within the department. Then they can work with a technology adviser to determine where it makes sense to begin.

Document management can provide efficiencies for any sales organization run on orders. Distributors, in particular, find it useful because their invoices may be low cost, high volume; but a professional service firm also can benefit. In those instances, it may be less about collecting cash quickly and more about processing orders and delivering products correctly, quickly and efficiently, to generate repeat business — and growth. ●