



# The benefits of a holistic B2B credit and collections strategy

Drive revenue and defend profit

Does this scenario sound familiar? An order goes on hold and one of two things happen:

1. A scramble to contact the customer to bring them below their credit line.
2. The order is let go anyway because it's a major account or because "sales wore us down."



## Why does this happen so frequently?

It could be because of several reasons:

- You have customers with good payment behavior that are growing out of their initial credit line and are **prevented from doing more business with you.**
- **You have customers that exhibit bad payment behavior** that should stop getting any more product, yet it slips through.
- **Your current credit policy and credit lines are not keeping up** with your business changes.

## Onboarding new customers & driving growth

Understanding risk early in the customer's lifecycle can drive insights downstream, including revenue projections, collections policies and even go-to-market strategies for sales.

For example, credit thought leaders understand how much risk they need to take on to achieve certain growth levels. Let's say we want to grow organically 10% year-over-year. How do we support that top-line growth? And as a risk professional, how many high-risk prospects are we willing to take on in order to support that growth?

Instead of having someone in sales saying, "credit isn't allowing me to do this," or "I'm just going to take on the risk anyway in spite of what credit says," credit professionals can provide this information well ahead of time with insight for the next three to six months, and what actions should be taken.



## In other words, your risk mitigation strategy is out of alignment with your business strategy

Billtrust offers an integrated end-to-end solution for credit and collections managers looking to assess the risk in their portfolio and make sound business decisions that keep cash flowing. A holistic credit risk management program can help drive top line revenue, solving downstream collections issues and thus defending profits.

An integrated approach can benefit organizations in the following ways.



## Periodic credit reviews & monitoring payment behavior

Monitoring payment behavior, and performing credit reviews yearly or every two years for existing customers, offers insight into business viability and financial strength. This also allows credit and collections professionals to strategically drive collections policies on open invoices in a way that's most likely to result in payment.

Payment behavior assessment should be done at high frequency, quarterly at minimum. This allows organizations to better answer questions like "What do we know about their strength as a business entity, and how much business are they looking to source from us? Are we comfortable with that with respect to how much of a credit line we extend to them?" If a customer has an issue with the goods and services provided, the issue can be fixed. If there are no issues, then payment can be requested based on the agreement. If invoices are not getting paid, that's an indication that either needs are not being met, or something more nefarious is going on.



## Deliver transparency & increased visibility across the organization

One common pain point with existing credit and collections processes, including collector productivity and the status of credit applications, is the lack of visibility into the process for managers and sales leaders. Excel spreadsheets, printed reports and siloed information living in personal desktops or email inboxes are inefficient and offer no visibility to management or leaders on the state of their receivables, especially in disrupted working environments where teams are working remotely and away from their office terminals. With increased visibility, for example, users can be alerted if a customer is approaching 80% of their credit limit, which risks putting a future order on hold. With the increased visibility, collectors can proactively determine whether to have a conversation with the customer to pay down their existing open receivables so it opens up the credit line, or determine if this particular customer is a solid financial risk.



## Enable positive customer experiences & accelerate cash flow

The role of the credit and collections professional is really human-centric and customer-centric, just like a salesperson. Just like sales, credit and collections professionals need to think about strategic account coverage. What's the right ratio of collections team members and credit team members to the number of customers that we have? How do we segment customers? Are they a mom-and-pop shop? Are they midmarket? Are they an enterprise? Each one of those answers determines what kind of a relationship is built, much like in sales. Can automation help?



At Billtrust, one of our core values is our commitment to customers. As a result, our solutions provide ways for teams to bring forth their culture. Bonnie Halvorson, Financial Analyst at Werner Electric Minnesota explains, "Even with automated emails, our templates are able to match our culture, style, and how we do things. It doesn't feel robotic – it feels human." Thanks to Billtrust Collections, Werner Electric Minnesota is able to build relationships that are trustworthy, while also making sure invoices get paid. "We've seen great success with this approach. More customers are responding proactively after receiving these emails and making payments quickly. It has been a blessing for our team in helping them free up their time."

Furthermore, Billtrust Collections allows them to increase account coverage and automate customer outreach by emailing all the relevant details when invoices are overdue. From 2019 to 2020, Werner encouraged customers to pay overdue invoices an average of 2-3 days earlier with Billtrust Collections. These results have lowered DSO by 5+ days, which for every day it's lowered, has a positive cash flow impact.

## How can Billtrust help?

Your Billtrust team is standing by to help guide you through the best tools and practices for your credit and collections process.

Just reach out to [sales@billtrust.com](mailto:sales@billtrust.com) to get started.

