The secret to sustainable success in Accounts Receivable

For Owners and Office Managers who want to create a more **resilient** and **cost effective** Accounts Receivable system.

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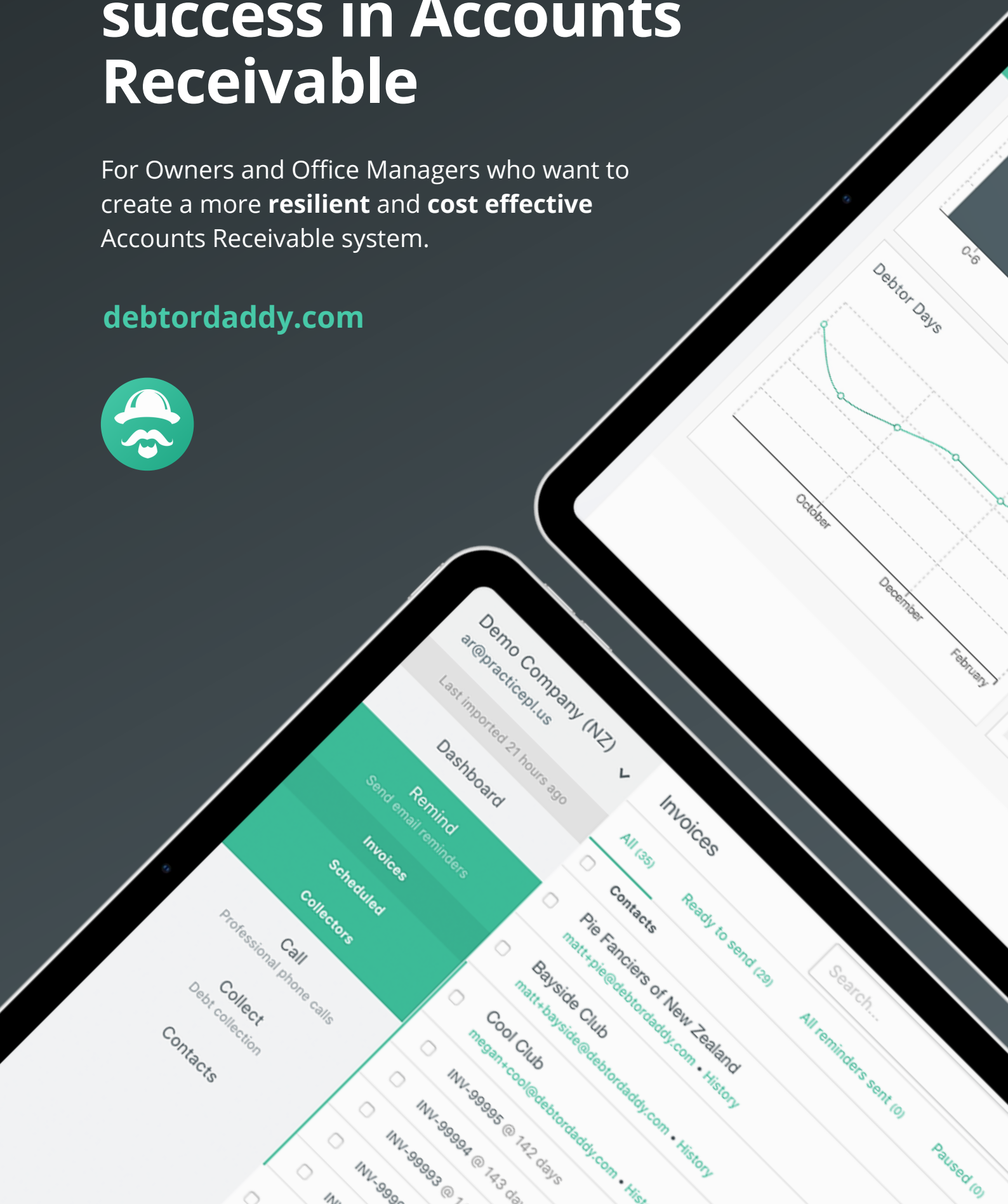


In this guide

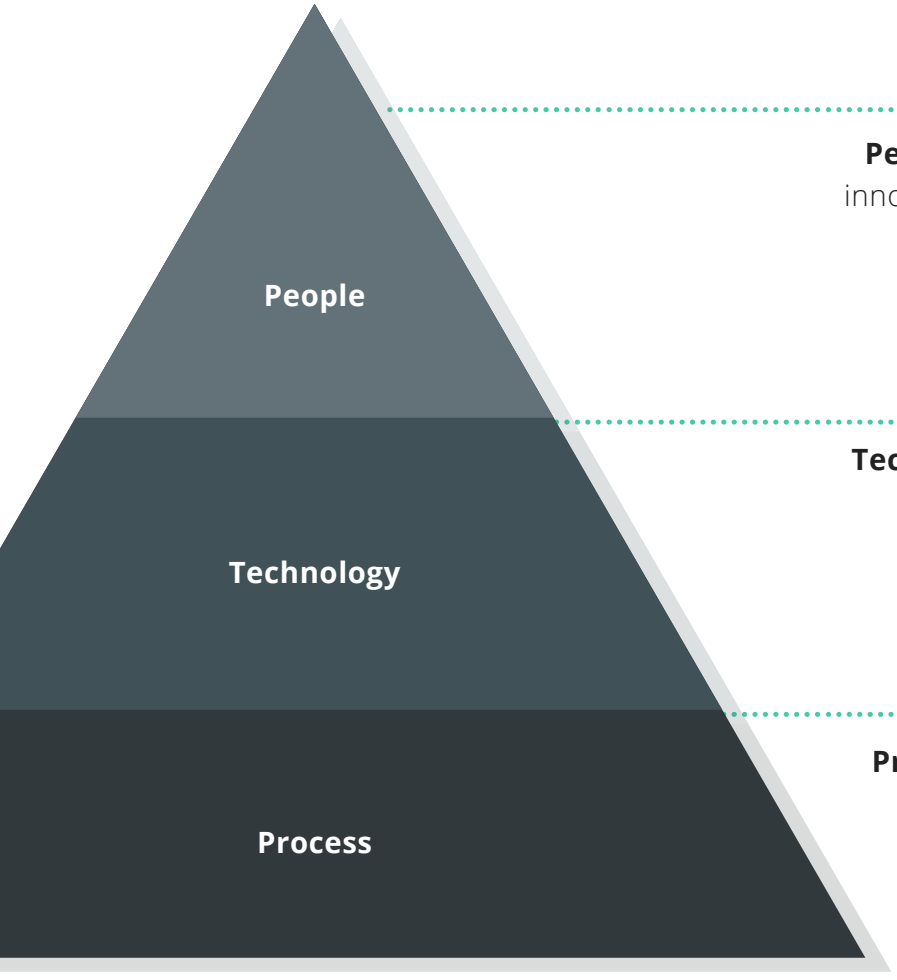
- The two systems critical to business survival & growth.
- How to increase both team productivity and happiness.
- Why is it so hard to keep Accounts Receivable solved?
- How to create a more resilient & cost effective AR System.

Every successful business creates systems that help them **repeat winning formulas**

Systems help you to achieve better results, more consistently, at a lower cost. Systems allow you to 'lock in' best practice, delight customers and distinguish yourself from competitors.

What is a system?

A system is an organized collection of parts that work toward a common goal. A business system is typically made up of three parts:



People who leverage technology to bring innovation, creativity and specialist skills to delight customers and generate profit.

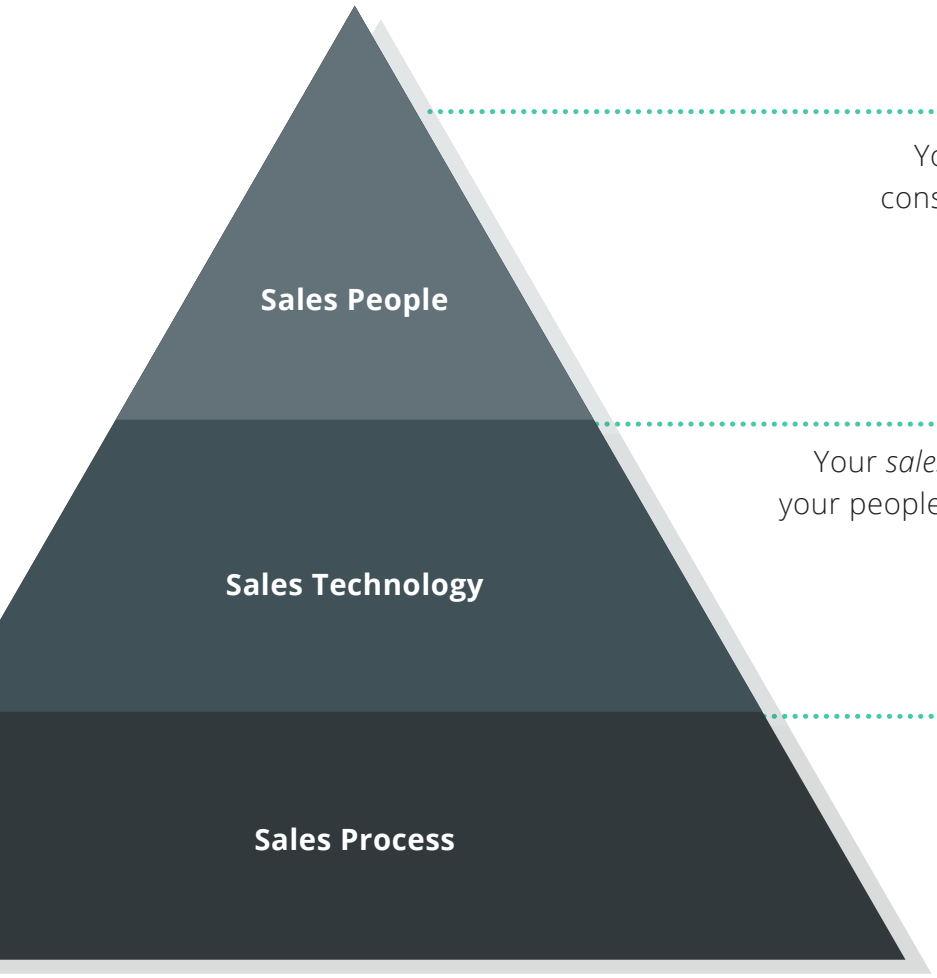
Technology (machines and software) that help you run your processes efficiently and reliably, lowering your costs.

Process - the steps you follow each time to get the desired outcomes – e.g. a happy customer at an acceptable cost.

There are two systems that are critical to survival and growth. Your **Sales System** and your **Accounts Receivable System**.

Your **Sales System**

A successful Sales System helps you repeat a *sales process* that consistently **wins ideal customers** and achieves your revenue targets. Without consistent sales, your business will fail.



Your sales people use *sales technology* to consistently follow your *sales process* to win new customers every month.

Your *sales technology* (e.g. your sales CRM) helps your people follow your *sales process*, and be more efficient and effective at closing sales.

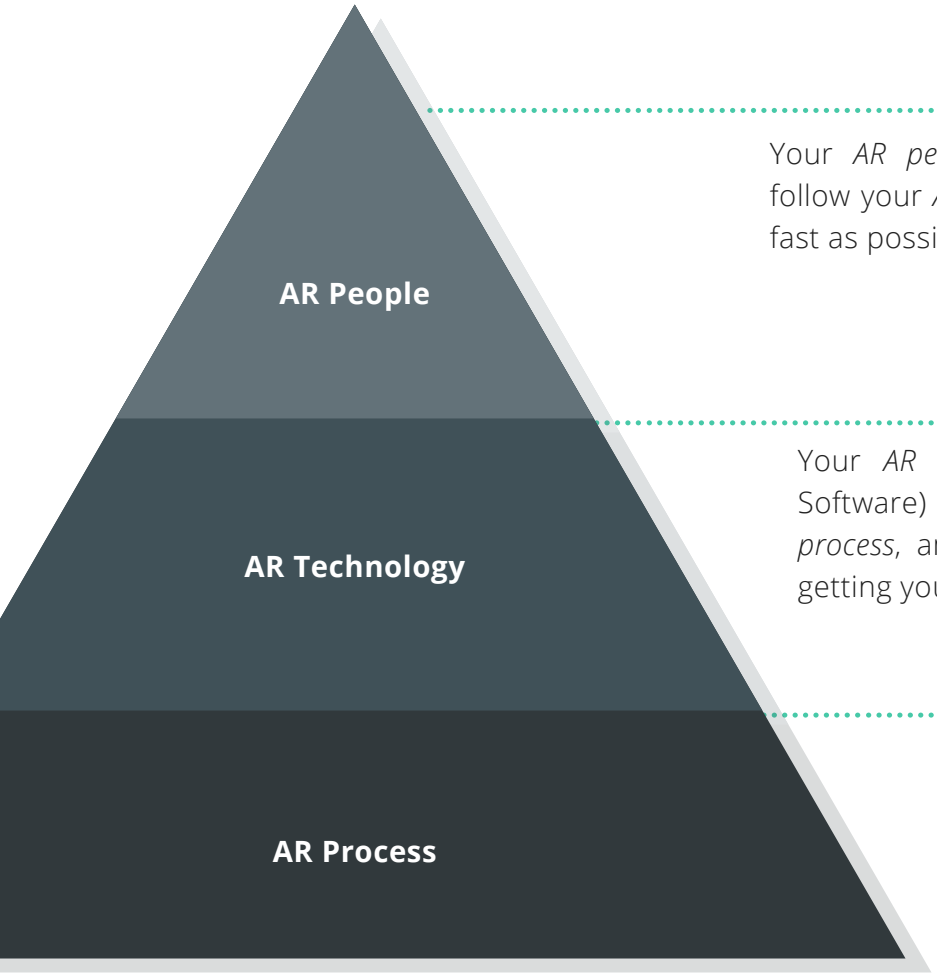
Your *sales process* describes the steps you follow each time to win your ideal customer..

How to tell if you Sales System is performing:

- Wins ideal customers
- The agreed process is followed
- Sales targets are met / exceeded
- The cost of sale is acceptable
- Repetitive tasks are automated
- Sales people are productive
- Sales people are motivated
- Effectiveness improves over time

Your **Accounts Receivable System**

A successful Accounts Receivable (AR) System helps you repeat an *AR process* that consistently keeps cash flowing, whilst keeping customers happy. Without consistent cashflow, a business will fail.



Your *AR people* use technology to consistently follow your *AR process* and keep cash flowing in as fast as possible every month.

Your *AR technology* (i.e. Accounts Receivable Software) helps your people follow your *AR process*, and be more efficient and effective at getting your customers' accounts paid on time.

Your *AR process* includes the steps you follow each time to keep your Aged Receivables under control.

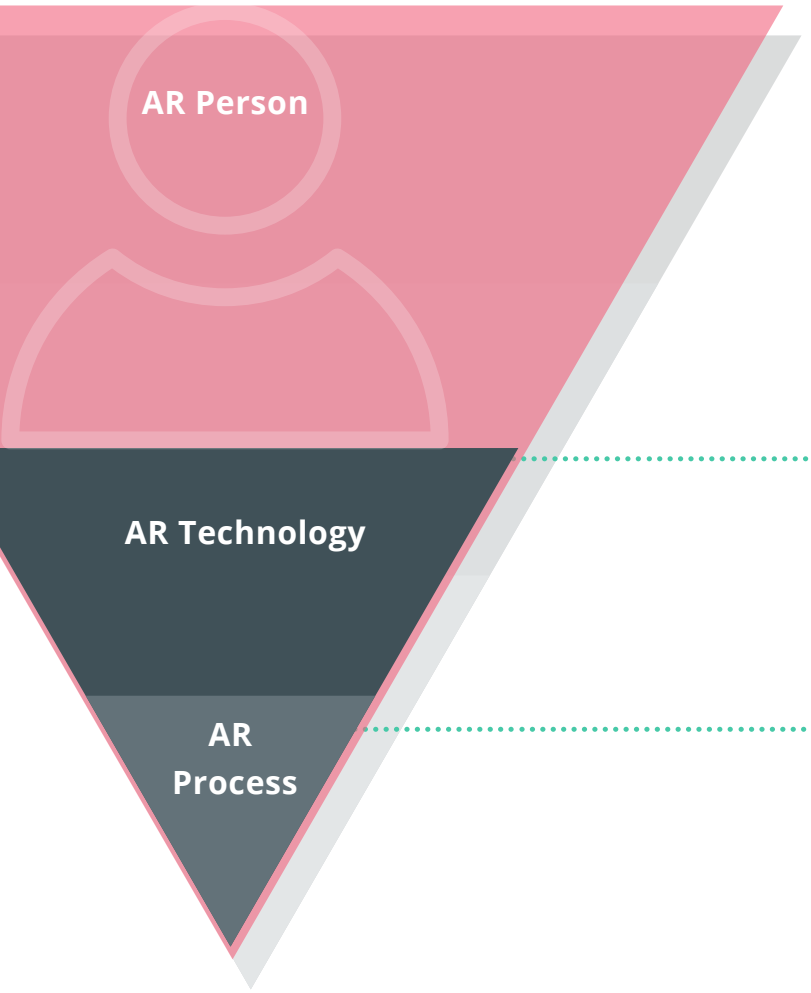
How to tell if you AR System is performing:

- The agreed AR process is followed
- Resolves queries / disputes promptly
- Overdue (DSO) targets are met
- Cashflow objectives are met
- Repetitive tasks are automated
- AR people are productive
- AR people are motivated
- Bad debts are minimized

Why is it so hard to **keep AR solved**?

Is your AR System **actually a person?**

In most businesses, the AR System relies too much on a person who lacks the time, desire and/or technology to succeed. This makes it virtually impossible to achieve consistent cashflow and keep overdue accounts under control.



Is your *AR Person* set up to succeed? Do they have the time, desire and technology to do a consistently great job every month? What other tasks are taking priority or getting in the way?

Are you maximising the use of *AR Software* to increase efficiency and effectiveness at each stage in your *AR Process*? Or are you relying on manual systems such as spreadsheets / emails.

Do you have a clearly defined *AR Process* so everyone understands what should happen when? Is the process followed consistently every month?

Due to a lack of process, technology or a dedicated person, **AR remains an unresolved issue**, resulting in unpredictable cashflow, stressed employees, disgruntled customers and needless write-offs.

AR is a job, not an 'extra task'

The key to long term success in AR is having a **dedicated person** in the role. Unfortunately the job often falls to an existing employee as an 'extra task'. This is the primary reason AR remains a nagging and unresolved issue in many businesses.

Office Manager / Finance Manager

Most often it is office/finance manager that is asked to shoulder the burden of AR, on top of everything else on their list.

Pros
- Good people skills.
- Know the customer history.
- Able to resolve issues quickly.

Cons
- Overworked. Too much on their plate.
- High opportunity and switching costs.
- Hard to maintain a consistent approach.

Sales Person / Account Manager

Frequently sales people and account managers end up with AR on their plate. The logic being, they have rapport and know the customer history – hence they're the best person for the job.

Pros
- Strong people skills.
- Good rapport / relationship.
- Knows the customer history.

Cons
- Playing good cop / bad cop creates tension
- Opportunity cost. They should be selling.
- Hard to hold them accountable.

Office Administrator

Office juniors and receptionists often end up with the jobs that no one else wants, like AR. A lot of the time they lack the training, skills and tools to do a great job.

Pros
- Okay people skills.
- Knows the business.
- Lower hourly rate.

Cons
- Inefficient, favouring manual processes.
- Requires more oversight / management.
- Higher staff turnover in these roles.

It's hard to hold someone accountable to AR when it's not *really* their job.

The **new way** to solve AR.

> The decision to give [Debtor Daddy] a go has been a greater return on investment than we could have ever expected.

Liz Eveleigh, Practice Manager
Kendons Accountants

The **new way** to solve AR

Debtor Daddy is the on-demand, scalable Accounts Receivable solution for growing businesses everywhere. Our purpose-built AR Software and dedicated AR Specialists will help you keep AR solved, for good.

LEVEL 1
AR SOFTWARE

Use our software to save time and automate your AR process. We're just a click away if you need assistance with set up, configuration, debt collection or even the odd phone call every now and then when you're too busy or on holiday.

LEVEL 2
AR ASSISTANT

You remain in the driver's seat. Your AR Specialist assists you each week or month with calls you don't have time for (or would rather not do). You might choose to focus on larger accounts while your specialist focuses on smaller accounts – there's plenty of ways to divide and conquer your aged receivables!

LEVEL 3
AR DEPARTMENT

Your Debtor Daddy AR Specialist takes care of everything AR-related (excluding bank reconciliation and invoicing) so you can get back to the other tasks on your list. Use our online AR Software to stay in the loop every week.

Benefits of hiring an AR Specialist:

- Cheaper than hiring a part-timer
- Focused solely on keeping AR under control
- Always on, no sick days or sick leave to pay
- Experienced, professional & tech-savvy
- Highly trained, receives regular coaching
- Works remotely, as one of your team

Our clients say...

"Reminder calls and emails happen automatically every month like clockwork. We get paid faster, our customers are happy, and I can spend my time on other things."

Chantel Peacock, Office Manager / Director – SolarQuotes

“Debtor Daddy has systemised AR in a very professional way. It is more effective than our own efforts and costs less.”

Warwick Schaffer, CEO – Circle Software

"Debtor Daddy keeps payments top-of-mind for our clients. It’s their entire focus and they have a process that is followed through with consistency and diligence."

Liz Eveleigh, Practice Manager – Kendons Accountants

“We've saved 8-10 hours a month, but more than that though it's efficient and consistent being focused solely on getting paid.”

Marcus Robbie, Owner – KiwiCloudIT

SELF ASSESSMENT

Is your AR person set up to succeed?

Success Factors:	Rate your AR person	AR Specialist
Accountability Do they have too many responsibilities, competing priorities or vague KPI's? How well can you hold them accountable to results?	Low | Ok | High	Low | Ok | High
Desire Do they enjoy doing the job? Does it fall outside their passions or skills?	Low | Ok | High	Low | Ok | High
Skill-level Are they proficient in the necessary skills? What training and support do they receive? Can they keep their cool in difficult situations?	Low | Ok | High	Low | Ok | High
Tech-savvy Are they comfortable using technology to make their work more efficient and effective?	Low | Ok | High	Low | Ok | High
Consistency Are they working enough hours each week to do the job justice? Or do other things keep getting in the way?	Low | Ok | High	Low | Ok | High
Continuity What happens to AR if they go on leave or quit? Does follow-up also take a holiday?	Low | Ok | High	Low | Ok | High
Creativity Can they find solutions to customers' problems and queries? Can they improve the AR process over time?	Low | Ok | High	Low | Ok | High
Resilience Can they persevere through difficult conversations and negotiations? Can they maintain a consistent approach day in, day out?	Low | Ok | High	Low | Ok | High

Next steps

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