

HOW TO CASH IN & CARRY ON

THE 5 RULES FOR ENSURING A HEALTHY CASH FLOW AND SUSTAINABLE BUSINESS SUCCESS

Today more than ever businesses need to monitor their cash position and liquidity. A reliable cashflow needs robust processes that focus on prevention rather than response. While technology solutions make it easier for businesses to manage credit risk, here are five rules, centered around customer insights, that all smart credit managers should know by heart.

RULE 1

KNOW YOUR CUSTOMERS

We understand that Sales are excited about signing on the new deal. But forearmed is forewarned. What can you learn about your customer's track record for payment before you sign up a significant piece of new business? Get to know them. Take advantage of credit check firms such as Creditsafe or Dun & Bradstreet to assess their credit worthiness.

THE TECH SOLUTION

Organisations using SAP technology have an easy-to-implement solution: Credit Information Management has been developed to seamlessly connect your SAP system's Master Records with external Credit Bureaus in real time.

RULE 2

STAY VIGILANT

Knowing your customer is credit worthy is just the beginning. Avoid nasty surprises by keeping track of their solvency. Monitor their payment behaviour so that you have a regular picture and flag up any changes. Make your late payment policies clear. Decide on and define the trigger points at which time you will ask for collateral or securities and communicate them to the customer.

THE TECH SOLUTION

Organisations using SAP technology can deploy Risk Management software. Integrating with financial accounting, you will be given a scorecard based on external credit information sources and weighted using information on your SAP system such as own payment behaviour and sales force surveys. You'll get an automated credit limit so you will know how much credit a customer is worth to mitigate the risk.

RULE 3

BE SAFE, NOT SORRY

If you are like many companies, 20% of your customers bring in 80% of your revenue. That means if any of the 20% fail you financially, you will have a cash flow crisis and day-to-day operations may come under threat. Big orders are great, but they also cost money to deliver. Be sure to insure your most valuable sales through trade credit insurers like Coface, Atradius or Euler Hermes to cover the risk.

THE TECH SOLUTION

SAP software Credit Insurance Management integrates your contracts with financial accounting and order processing in your SAP system so you can fulfill your insurance obligations automatically. You can connect online to your trade credit insurer of choice directly from SAP and request insurance cover for your sales to assure your cashflow.

RULE 4

KEEP IT QUICK

Chasing bad credit is time-consuming, costly and frankly demoralising. It helps if at point of sale you have been able to confirm you have the right billing address and contact details. Establish payment policies with shorter payment terms and reward early payment with discounts. The Sales team will thank you for it too. When an invoice is due – or even a few days before it is due – don't delay; get in touch with your customer with the right information and approach to get paid.

THE TECH SOLUTION

Dispute Management software for SAP systems is seamlessly integrated into the accounting posting, easing the process of dispute management and in-house cash collection for a quick and transparent resolution – without damaging customer satisfaction. If you outsource tough cases to professional cash collectors for example, you can also connect your SAP with collection agencies in real time using Collection Management software.

RULE 5

PLAY YOUR CARDS

Some companies need additional investment for special projects or to fund operations during peak seasons. Others may simply need cash to balance the books to look good financially. Whenever an organisation needs extra investment they can sell accounts receivable to generate cash back in a transaction known as factoring. Most business banks like BNP Paribas, Eurofactor or Commerzbank have products to help businesses sell receivables and increase working capital.

THE TECH SOLUTION

Factoring Management software maps your factoring contracts in SAP and integrates seamlessly with your accounts receivable to check their saleability and generate cash simulations before sale. This additional cash businesses to tap into additional cash when they need it by working with leading providers of factoring.

REGARDLESS OF THE SYSTEMS YOUR ORGANISATION USES TO MANAGE ITS FINANCES, EFFECTIVE CREDIT MANAGEMENT ALWAYS REQUIRES CUSTOMER INSIGHTS, CAREFUL MONITORING, ROBUST PREVENTION AND PAYMENT COLLECTION.

Companies working with SAP benefit from developments in credit management software that connect online and integrate with internal systems – mostly in real-time – which helps accelerate the process. By integrating, digitising and automating credit management processes businesses will benefit from healthier cash flow, better risk overview and better-quality receivables.

MAKE THIS YOUR BEST YEAR EVER WITH SAP TECHNOLOGY SOLUTIONS WITH TANGIBLE RESULTS IN:

- boosting equity ratios
- operating cost savings
- improved employee communications
- higher employee motivation
- increased customer satisfaction

**EXPLORE YOUR OPTIONS.
TALK TO US.**