

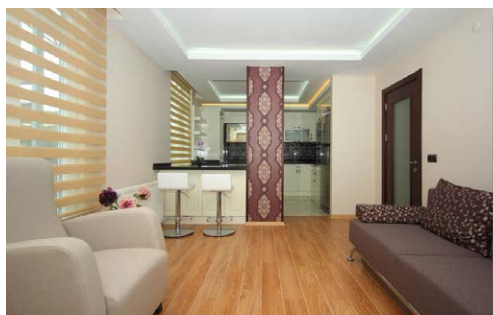


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Efficiency is the New Black – Ditch Last Season's Processes

🕒 MARCH 27, 2014 👤 [ANNIK STAHL](#)

When I first started at Open Scan, I was brand new to the cash application business. I didn't know my receivables from my remittances, my Sarbanes-Oxley from my MICR. And when the word "efficiencies" first started to enter my consciousness, I couldn't help but picture a tiny little one room apartment with pint-sized appliances and a single bed.



Of course my cohorts disabused me of such imagery and started to tell me the horror story that is <gasp> the lack of efficiency — or, as is usually the case, *many* inefficiencies — so many

companies seem perfectly content to deal with in their accounts receivable systems.

Even to me, a newbie with relatively little experience, this sounded just plain wrong. And so I delved into the reasons of what makes the most efficient companies that way and how

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others can follow suit.

The real cost of inefficiency

Whether you've got a simple, straight-forward order-to-cash cycle or complex one, chances are that if you're managing the processes manually, you're experiencing a lot of error, higher than necessary days sales outstanding (DSO), lost productivity, and a frustrated work group.

That is no way to run an A/R department and it's completely unnecessary.

Let's take a look at a not-so-pleasant list of what happens when you continue to run your cash application processes like a medieval merchant conducting business in the town square.

This is what *inefficiencies* are made of

- Your smart, underused, previously-engaged, and soon-to-be (if not already) bored A/R team works all day long keying in line item details of checks and remittances. It get even more confusing when split payments throw a wrench in to it.
- You pay the bank to do the same thing.
(Whether or not the bank's employees are bored is irrelevant, because you're paying for it.)



- Your team has to manually deal with what's already a clumsy process: electronic payments and their decoupled remittances.
- For many reasons — valid and not — customers like to take deductions, and these can be very difficult to research and settle.
- Mistakes happen more frequently, things are misapplied, and because payments aren't applied quickly enough, your collectors are calling up people who've already paid.

If that just reads like a list of "things I do not want happening" it is. Let's change it up a bit and see what happens when you *do* automate.

This is what *efficiencies* are made of*

**No, not pint-sized appliances and futons on the floor.*



What sort of blog would this be to just talk about all the ways your cash app process is failing you...and then end it right there? A cruel, heartless blog that leaves you feeling dejected and without hope.

Let's leave the dystopian past behind and set our gazes on the horizon, where there is not a key punch in sight and automation is the standard, and if

you have a truly intelligent automated system, exceptions are few and far between.

Imagine your world now...

- When you employ automation to the cash application process, say goodbye to the paper trail — literally. You'll never again be printing out electronic documents only to have someone else re-keying them in somewhere else.
- Postage needs dramatically decline.
- Your auto cash rate can climb to 90 percent or higher.
- Invoices clear faster and you get more accurate (not to mention lower) DSO.
- Lastly, most definitely not leastly, you lift the veil of drudgery from your team's day and assign its members to higher value activities.

It's just a matter of time...

...before you come to your senses and realize that in order to realize your full efficiency potential, the time to automate is now. So, whether you're a brand new company or one about to [reconfigure your ERP](#), you need to start looking beyond credit and collections and [take a good, hard look at your A/R processes](#) and what they are — or aren't — doing for you.

Once you begin automating your cash application process, you've stepped ahead into the 21st century and are no longer doing business like a Middle Ages merchant.

"There can be economy only where there is efficiency." —
Benjamin Disraeli



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