



SUPPLIER SELF-SERVICE SOLUTIONS

Relationships Count — The Importance of Accounts Payable Customer Service



678-894-4600

www.invoiceinfo.com

Relationships Count – The Importance of Accounts Payable Customer Service

A Special Report from
InvoiceInfo

By:
Rob Rogers
Consultant
Former Director, Membership & Certification Content
IOFM/Diversified Communications



2100 RiverEdge Parkway, Suite 1010 • Atlanta, GA 30328
678-894-4600 • www.invoiceinfo.com

© 2017 Financial Operations Networks

Published by Financial Operations Networks, 2100 RiverEdge Parkway, Suite 1010, Atlanta, GA 30328, 678-894-4600, www.finopsnet.com.

Table of Contents

Introduction.....	4
What Is AP Customer Service and Who Delivers It?	5
The Job of AP Customer Service: Fix the Process by Solving Bigger Problems	7
The Job of AP Customer Service: Strong Supplier Relations	9
The Job of AP Customer Service: Stay Cool, Avoid Notoriety, Maintain a Great Reputation	10
Giving AP Customer Service Its Due.....	12
About InvoiceInfo	14

Introduction

Because accounts payable touches such a wide range of stakeholders, from all the vendors, to employees, to senior management, to various governmental agencies, its operations have a tremendous, though often under-recognized, impact on the organization. Although not “customer facing” in the traditional sense, these stakeholders, nevertheless, are AP’s “customers” and AP’s customer service to them, and how they perceive it, are important to the organization. This paper posits that good customer service by accounts payable is important in three ways that have a direct bearing on profitability and operations:

Process Improvement

AP customer service provides a window into opportunities for process improvement. Want to know where gaps are in the procure-to-pay process? Customer service calls and complaints indicate the scope of problems and point to specific process breakdowns.

Strong Supplier Relations

Secondly, it impacts supplier relations, either positively or negatively. Empirical studies have quantified benefits of good AP customer service versus the cost of poor relationships.

Company Reputation

Thirdly, in today’s social media environment, missteps can spin out of control very quickly, where seemingly minor anecdotal incidents become defining truths with real consequences for a company.

In its interactions with suppliers, AP carries a lot of responsibility. AP is a front-line representative of the company to the supplier. In some cases, given electronic catalogs and online sales systems, AP’s interaction could even be the first person-to-person contact the supplier has with the company.

What Is AP Customer Service and Who Delivers It?

A customer service activity arises when someone – a vendor or internal customer – contacts AP. The need for customer service in accounts payable is driven primarily by two forces:

1. The working capital objectives of the buyer and the seller, and,
2. Process-related problems of the buyer or the seller.

Each of these forces produces customer service related activities of two types – informational and those that require problem solving.

For example, regarding working capital objectives, informational AP customer service provides answers to questions regarding the status of an invoice or payment; when a payment was, or is expected, to be made; or securing a payment number. Process-related informational AP customer questions such as how to apply a payment or which invoices have been covered by a payment provide answers (to be sure, these types of questions may also uncover problems that need to be fixed). For a trained AP customer service representative, research shows that responding to an easy-to-answer informational question takes three to nine minutes.

This context, with heightened stakes in the digital 21st century in terms of expectations and potential damage, has driven a change in the profile of AP personnel assigned to customer service work. In the past, AP customer service was a training ground for new

AP customer service requires more valuable, experienced personnel.

employees. No longer. AP customer service requires more valuable, experienced personnel, trained in the company's procure-to-pay process. Ideally, they will also have the appropriate temperament and sufficient interpersonal skills — more on this below.

Understanding the underlying drivers of the questions — informational or process-related, and the resources available to answer them, are key to delivering both efficient and satisfactory AP customer service, and in turn drive the optimal structure for an AP customer service function within the organization.

Understanding the underlying drivers of the questions ... are key to delivering both efficient and satisfactory AP customer service ...

The Job of AP Customer Service: Fix the Process by Solving Bigger Problems

Process-related problems cause inefficiencies to all parties and take longer to resolve. They are caused by issues such as incorrect pricing on the invoice or delayed invoice delivery to accounts payable. In certain cases, a significant supplier-buyer relationship can also involve fluidity in adjusting to or accommodating each company's objectives. For example, accommodating the fiscal periods of two trading partners might lead to requests for accelerated or deferred payments to the supplier with a fiscal year end now, in exchange for certain timely considerations by the buyer or seller at their fiscal year end later. Such bargaining is best done in the context of a strong relationship.

A broken process generates customer service contacts, says financial operations expert and consultant Judy Bicking. AP customer service offers visibility into the problems to address. AP customer service has the opportunity to work with the supplier not to just fix the issue at hand, but to fix the underlying process, which will then improve processing for all of that supplier's invoices.

The goal, Bicking says, is to "Correct the process so they are paid without a lot of hand-holding and touch points. So rather than dealing one-on-one (on-one-on-one ...), which is where everybody lives, they should look at the bigger picture."

By putting the importance not on the particular inquiry but on the relationship, customer service starts to look at the broader picture. Then it begins to solve underlying problems. That approach not only resolves one call but also by determining and fixing the cause it eliminates future calls, while strengthening the supplier relationship.

Free Up Your Best People

So customer service is on the front line of problem identification and solution. There is an inhibitor to this approach, and that is the sheer volume of contacts that AP receives. But that can be overcome with available technology (more on that below).

Freeing up your most experienced people, by reducing the number of informational questions they have to answer, providing more bandwidth to solve process-related problems, is a win-win for all, as more focus is put on the relationship, vs. answering a simple question.

Freeing up your most experienced people, by reducing the number of informational questions ... is a win-win for all ...

Of AP customer service Bicking says, “My end goal would be that eventually the need is eliminated.” In reality, the team will never go completely away, but “it becomes a small, efficient team.”

This is the first way in which AP customer service is important. It receives the indicators of process problems and leads AP (and purchasing) to identify and correct problems at the root process level. Customer service provides a checkpoint on the process and helps move AP and the procure-to-pay process to better practices, functioning, and efficiency.

The Job of AP Customer Service: Strong Supplier Relations

AP has a direct role in the relationship between a company and its suppliers, typically the suppliers' accounts receivable or collections departments. When a supplier contacts AP, AP represents the company — it is the face of the company to the supplier. The experience and outcome of these contacts form the supplier's perception of the company: Is it a "good" company, whose people are on top of its operations and able to answer questions and solve problems in a timely manner? Is it easy to do business with? Or is it disorganized? Chaotic? Is it difficult to get problems solved? Are the people cranky and unhelpful? Ultimately, does the issue get solved — is payment received? How much pain was involved?

How important is this?

In a strong relationship, a company might hope to see such benefits as price concessions, better customer support, timeliness, innovation, improved quality, technology sharing, terms elasticity, discounts or supplier financing.

In a strong relationship, a company might hope to see such benefits as price concessions, better customer support, timeliness ...

A study by Planning Perspectives Inc. drawing on 13 years of data, calculated the value of supplier non-price benefits. The conclusion, according to Bruce Kassaroff writing in Forbes, is that major automakers, as well as most manufacturing companies, could significantly grow their profits by strengthening their supplier relations.

The Job of AP Customer Service: Stay Cool, Avoid Notoriety, Maintain a Great Reputation

There is a paradox in customer service: It is “most important when it’s not going well,” says Deb Vander Bogart, CEO of Murlyn & Co., and former vice president of global shared services for Levi Strauss & Company.

The customer service email or call can be fraught with emotion from the start. The call or email is happening because something did not go right. The caller may exhibit “attitude.” The AP customer service person on the receiving end may exhibit attitude in response. After all, they often feel stuck at the end of a process in which upstream participants’ failure to follow procedure has caused the process breakdown for which they are now receiving vituperation. There can be aggravation and frustration at both ends of the phone. Handling the emotional aspect is one of the great challenges of AP customer service. Not everyone performs well in the role.

A negative customer service experience can quickly inflate, even when it may really not be something worth the time and attention it will consume. The emotions cloud the actual issue and shift the focus to who’s right and who’s to blame. An AP manager must put the right people in the job.

“I am looking for somebody who is reserved,” says Bicking. “They listen before responding. I can’t push their buttons easily.”

Vander Bogart adds, “Customer service is all about your reputation. It’s almost personal, because of that.”

She continues, “Things can spin out of control ... so quickly. A bad customer service experience is going to launch a tidal wave of activity that you do not want.

“Our goal is to fly below the radar. We want to be something the company knows they can’t live without and wants the very best, but we don’t want notoriety. We don’t want to become famous!”

In the age of social media, a company does not want to be called out by an angry customer. As Vander Bogart points out, “the one thing people will consistently do is give you a bad review somewhere. They won’t always remember to give you a good review, but they will always remember to give you a bad one. And opinion becomes fact really quickly.”

The anecdotal incident becomes an accepted — and consequential — characterization. This adds a new level of concern to AP customer service. And part of an AP director or manager’s job, says Vander Bogart, is to “keep the noise level down.”

Giving AP Customer Service Its Due

AP customer service is about solving problems, building and maintaining good supplier relations, and avoiding damage to the company reputation. To do this well requires the

Having a great reputation prevents many problems before they start...

right purpose, people, and tools. Having a great reputation prevents many problems before they start by allowing others the opportunity to offer the benefit of the doubt.

But purpose comes first. Management and staff must understand that the purpose is to build strong supplier relationships for the reasons above. This has to drive customer service. Goals and metrics, that achieve and measure real results and solve real problems, must be developed with this purpose in mind, in order to drive the right kind of behavior.

AP is complex and AP customer service is very challenging; not everyone is suited to it. While smaller organizations may not have the ability to be selective, larger organizations benefit by finding and assigning the right people to the job. Training should stress goals within the overall purpose. It must provide techniques to enable staff to successfully handle the emotionally charged atmosphere while maintaining focus on problem solving.

Finally, as Vander Bogart alludes, there is a great deal of “noise” involved in AP customer service. Not all of it is of the intense variety. A very significant volume—between 80 and 90 percent—comprises straightforward questions about payment and invoice status. That “easy” volume is nevertheless costly in terms of time and disruption and

can be misleading in terms of performance. A high percentage of calls that are simple to answer may make the AP staff look really good. They are able to complete a lot of calls with positive outcomes. But in Vander Bogart's words, "The value you're getting is zero, if not negative, because of the cost and action there."

... "easy" volume is nevertheless costly in terms of time and disruption and can be misleading in terms of performance.

The cost of these simpler questions includes AP's time to address them and the disruption and opportunity costs. Companies can solve this problem through technology. Supplier self-service allows suppliers to efficiently find answers to their simple questions.

This enables the company to maintain a smaller, highly experienced AP customer service staff that is freed to focus on the tough issues where they make a real contribution to improving processes and strengthening supplier relationships. ■

About InvoiceInfo

Supplier Self-Service Automation Specialists



InvoiceInfo's modular suite of specialized supplier self-service applications transforms time-consuming tasks such as vendor inquiries, registration and information management into vendor self-service solutions. InvoiceInfo has been implemented by leading companies worldwide to improve productivity, reduce cost and enhance vendor relations.

Create Self-Service Programs That Fit Your Organization Perfectly

InvoiceInfo's modular design requires little to no IT time and lets you implement the exact functionality you need today while allowing you to add features as needed.

Whether you are interested in

- Payment status inquiry automation
- Vendor registration: W-9, W-8, custom registration forms
- Vendor verification: TIN, OFAC, Address, 22 additional lists
- Vendor profile change requests or
- Statement matching

InvoiceInfo has you covered.

To learn more about InvoiceInfo's modular supplier self-service solutions, email info@InvoiceInfo.com or call 678-335-5735.