collect-IT

Customer Success Story:

Helping Trucking & Transportation Companies Get Paid on Time, Every Time

About IMC

Based in Memphis, Tennessee., IMC Companies is a national network of intermodal logistics businesses providing container drayage, expedited services, customs brokerage, truck brokerage, freight forwarding, warehousing, chassis provisioning, and secured container storage. The company uses Microsoft Dynamics Professional Advantage Collection Management module, but was missing some key functionalities that it needed to be able to handle complex collections.

IMC switched to Dynavistics' collect-IT to get multiple strategies by customer, invoice amount, and invoice type; automated reminder letters and call lists; and the ability to handle national accounts with parent/child organizational structures.

Helping Trucking & Transportation Companies Get Paid On Time, Every Time

For trucking companies and other transportation providers, managing accounts receivable can be a nightmare. With freight volumes increasing, a driver shortage in full effect, and capacity stretched to the limit, these carriers need automated tools that ensure that they get paid on time, every time.

An industry that moves 73% of the nation's total domestic freight, trucking manages about 80% of the U.S.' total $792 billion gross freight revenues. Responsible for the nearly four million registered Class 8 trucks that travel roughly 305 billion miles on domestic roadways every year, trucking companies have average annual revenues of about $600 million.

General freight trucking, specialized freight, flatbed trucking, and truckload carriers that manage B2B transactions need an industry-built solution that helps reduce the time it takes to collect cash, improves cash flow, minimizes collection efforts, and builds strong customer relationships.

The latter is especially important in an environment where big box retailers and other large customers tend to view transportation providers as commodities. If the trucking company does not offer to extend payment terms on account, for example, the retailer will just take its business elsewhere. In many cases, the transportation provider serves as a bank while its customers use the money owed for working capital.

Managing Complexities

As a trucking firm's payment cycles increase, its hope of running a profitable business begin to dim. As accounts receivable collect times increase, accounting personnel spend their time reissuing invoices, sending out statements, emailing reminders, and following up on outstanding invoices. Multiply these activities across the $600 million or so in annual revenues that the typical trucking firm brings in, and manhours add up quickly.

Because transportation firms have contracts with multiple subsidiaries of the same parent company (e.g., Walmart and Sam's Club, for example), one delivery may involve multiple invoices sent to different recipients. Each recipient may have different payment terms, invoicing requirements, and contract terms, all of which have to be factored into the trucking company's billing system.

Other customizations include contract pricing (which may vary according to customer), statement requirements, and the need for documentation (e.g., a proof of delivery or bill of lading) If an invoice approver does not have the documentation for a specific detention or demurrage fee, for example, that invoice may be rejected, thus creating an even longer pay cycle.
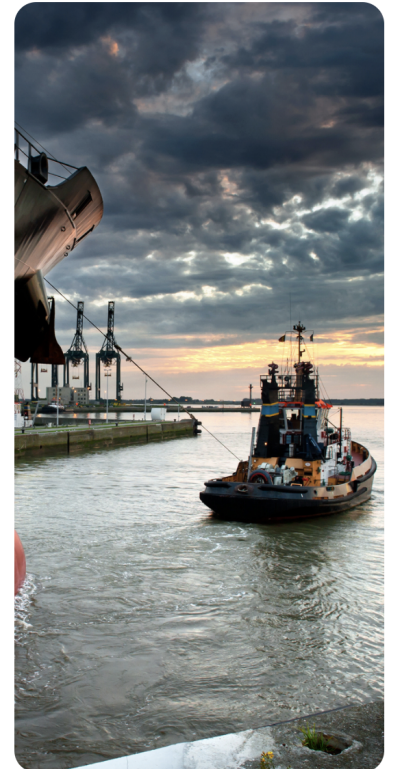
Simplifying and Automating the AR Collections Process

When trucking, rail, tug, and other transportation providers do not get paid on time, it can impact their entire operations. In most cases, the process is handled manually in the back office by one or more clerks who also handle myriad other responsibilities for the company. Even companies that have added technology to the process lose much time and money attempting to reduce the time it takes to collect their cash.

Knowing this, Dynavistics developed an accounts receivable (AR) management tool that gives companies a communications dashboard for tracking all communications. By mashing multiple different modules into one, collect-IT for Transportation significantly streamlines the collections process and puts transportation providers in the driver's seat when it comes to controlling their AR policies, flows, and communications.

> With collect-IT, only one additional collections representative was needed to handle the 33% growth the company experienced in 2020. Now, a team of 7 reps are able to handle 40,000 invoices per week.

The system can handle an infinite number of collection policies—parent/child, multiple languages, credit data from outside sources like D&B, and multi-entity—and then runs them automatically. "collect-IT helps you crunch the numbers, figure out the rankings, and make your decision," said Pamela McDaniel, Managing Partner at Dynavistics.

"It can either be run right out of the box for Microsoft Dynamics GP, NAV, Sage, and Acumatica users," McDaniel explained, "or customized with your own collection policies, letter templates, and security." Other ERPs that collect-IT integrates directly with include SAP, Epicor, and Infor.

A versatile, scalable application, collect-IT can also consolidate multiple, smaller invoices and then combine them into one large statement for a big box retailer or other large shipper. This saves companies a tremendous amount of time and automates a process that would otherwise have to be managed manually by an accounting clerk. "Running a collections agency behind the scenes take a lot of manpower," said McDaniel, who estimates that the typical collect-IT user sees its productivity increase by about 30% once the system is in place.

Just a Few Simple Clicks

With collect-IT in place, transportation companies see fewer write-offs, reduction in 90-day receivables, lower labor costs, higher customer satisfaction rates, and better operational visibility. Using the application to proactively managing AR, the typical company can manage 80% of accounts through collect-IT (with 20% handled by reps).

Based in Memphis, Tennessee., IMC Companies is a national network of intermodal logistics businesses providing container drayage, expedited services, customs brokerage, truck brokerage, freight forwarding, warehousing, chassis provisioning, and secured container storage. The company uses Microsoft Dynamics Professional Advantage Collection Management module, but was missing some key functionalities that it needed to be able to handle complex collections.

IMC switched to Dynavistics' collect-IT to get multiple strategies by customer, invoice amount, and invoice type; automated reminder letters and call lists; and the ability to handle national accounts with parent/child organizational structures. "Collect-IT made the collection process more automatic, with 80% of our smaller collections working well with the strategy and letting us focus on larger, more strategic accounts," said IMC's Collections Manager, who also likes how the ERP sync option can be scheduled automatically to update or triggered manually, as the collections reps wish.

Serving about 50,000 customers, IMC experienced revenue growth of 33% in 2020 due to Covid and increased demand for shipping. It generates an average of 40,000 invoices per week with terms ranging from 30 to 60 days. A team of seven collection reps handle all invoicing, and even with the uptick in revenues only had to hire one additional rep.

> **"Collect-IT made the collection process more automatic. 80% of their smaller collections work well with the strategy letting them focus on larger, more strategic accounts."**

Within one year of switching to collect-IT, IMC reduced its days sales outstanding (DSO) by 6.2 days while also reducing its bad debt and increasing its cash flow. Other key wins include fewer invoice disputes, a lower volume of aging invoices that are past their due dates, and improved cash flow in a low-margin, price-sensitive business environment. The company now has a reliable audit trail for proving its invoice amounts to big box retailers.

Since implementing collect-IT, IMC's 90-day receivables volume has dropped dramatically. And because IMC now needs fewer AR representatives to resolve billing disputes, the company lowered payroll expenses by doing more value-added work with fewer personnel. Finally, since implementing collect-IT, IMC has continually improved its AR and customer service operations.

"We have used the built-in tools and strategies in collect-IT to help seven IMC Collection Reps handle 40,000 invoices per week with automation features, thus allowing us to focus on larger, more strategic accounts," said Kevin Powell, Vice President of Financial Systems. "It also helps with contract and billing disputes by enabling collectors to easily pull up previous communications and supporting documents

collect-IT

Measuring the Benefits

Collect-IT for Transportation also helps trucking firms and other transportation companies:

- Get paid faster with Dispute Resolution and Payment Plan

- Easily access shipping documents, invoices, and statements

- Customize communications based on the type of invoice (per diem), amount, and customer to increase cashflow

- Automate communications with built-in workflows for sending out reminders and dunning letters

- Create notes on invoices and customer records

- Empower reps to work on national accounts and parent/child invoices across multiple companies on the same call

- Send statements and associated invoices on demand

These and other "wins" help companies reduce the amount of time it takes to get paid, reduces bad debt, and supports better customer relationships. And if there is a dispute over a specific line item on a bill, collect-IT can partition that charge off while still invoicing for (and following up on) the remaining balance, and all while the dispute is resolved. That ways, a single dispute does not hold up payment for the entire invoice.

For companies that extend payment plans to their customers, collect-IT will document those plans and then track them, so that you do not forget about them. If a customer has promised to pay on a monthly basis, for instance, and then skips a payment, collect-IT will send an alert to this effect. You can jump in and find out what is going on and get the payment plan back on track.

With collect-IT, you can also permanently or temporarily assign account work to team members via the manager's control panel and set up A/B testing strategies. "You can set your strategy, test it, and then tweak it to achieve the desired effect," McDaniel explained. "Using payment predictive models, you can see what is likely to happen if you do X or Y, and then come up with a plan of attack for reducing your outstanding receivables."

Time to Automate AR

Right now, trucking companies and transportation firms are getting their cash flow squeezed thanks to longer payment cycles. Their days sales outstanding (DSO) are increasing, AR turnover is decreasing, and some of their largest customers are basically using them as banks. A process usually managed by a handful of accounting clerks that have other responsibilities, collections takes a lot of time, effort, and manpower to manage.

collect-It for Transportation is a modern collection and accounts receivable management solution that integrates with multiple ERP software platforms. By integrating with your current ERP, it helps you get the most out of your AR collections process, improves positive cash flow, and lets your accounting team focus on more important tasks.

To learn more about how collect-IT can help your company achieve these and other goals, download Dynavistics' eBook. We lay everything out for you, give you the call scripts you need to rev up your cash generation machine, and provide email templates for reminder and dunning letters. We lay out the complete strategy for you, and help you work toward getting paid on time, every time.

"After switching from Dynamics Professional Advantage Collection Management module to collect-IT IMC Reduced DSO by 6.2 days within first year."

collect-IT

dynavistics