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Q2C is Ripe For Reducing Costs and Increasing Cash Flow

Bob Cecil

Business and Financial Processes Advisory Services
EquaTerra

Penton Learning Systems, 535 5th Avenue, 8th Floor,
New York NY10017, U.S.

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Q2C IS RIPE FOR REDUCING COSTS AND INCREASING CASH FLOW

By Bob Cecil, Business and Financial Processes Advisory Services, EquaTerra

Like most everyone today, shared services managers are being asked to cut costs. But what if there were a way to not only reduce operating costs but also improve cash flow and working capital? That's a compelling proposition in today's credit-constrained times, when many companies are looking for new sources of funds.

The opportunity may exist right in your own backyard – in the form of quote-to-cash (Q2C) processes. With activities ranging from pricing to collections, Q2C is fertile ground for cultivating new sources of savings and cash. To tap this potential, savvy practitioners are moving Q2C into a shared services environment.

Doing so can cut Q2C operating costs by 20 to 30 percent. Working capital can improve by up to 1.5 percent of impactable revenue, thanks to reductions in past-due receivables, unauthorized deductions and allowances and bad debt. Other benefits include more on-time account reconciliation, less processing time and fewer errors throughout Q2C—all driving improved customer satisfaction and easier regulatory compliance.

So, why aren't more organizations migrating Q2C to shared services? Well, due to the sheer number of activities and departments involved in the Q2C cycle, there are some hurdles.

OVERCOMING RESISTANCE

Q2C processes span virtually all areas of the revenue chain: pricing and terms of sale, credit approval and review, order management, billing, customer service, cash management and collections and dispute resolution. So a transition to shared services not only requires executive sponsorship, but also that departments throughout the organization get on board.

Not everyone will think it's a good idea. If Q2C involves multiple time zones and languages, the project will probably ignite turf battles. And any projects involving multiple business units or countries requires buy-in from multiple stakeholders.

Develop a compelling business case, and disarm potential resistors by providing a clear picture of the advantages of Q2C in a shared services environment. Some steps that can help:

- **Identify stakeholders who can make it happen. Educate them on the benefits and introduce them to organizations that have successfully moved Q2C to shared services. Involve them in the vision and solution design.**
- **Get adequate executive sponsorship.**
- **Start with a pilot test. Consider a pilot based on a complete business segment or country. Too small a test proves nothing, too large increases the risk of failure. To minimize internal resistance, consider starting with a small scope that doesn't include customer-facing activities.**
- **Maximize the use of technology. Use proven collection tools such as eCredit, GetPaid, I-Many or a combination of proprietary service provider tools.**
- **Measure performance. Create accountability throughout the Q2C cycle, and measure performance down to the individual employee level.**
- **Manage continuous improvement and training. Implement process improvement tools, such as Six Sigma for analysis of customer payment patterns.**

Failure to bring more efficiency to your Q2C processes not only leaves money on the table; it could put your company at a competitive disadvantage.



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Matt Harfield
 Business Development Manager
 +44 (0) 207 368 9493
matt.harfield@ssonetwork.com

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